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TWENTY YEARS OF PERSIAN OPIUM

(1908-1928)

A STUDY

by

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FOREWORD

THE relation of Persia to the general problem of international control of opium is a very important one. Persia is one of the few countries producing raw opium which have associated themselves continuously with efforts to improve the opium situation by international action. And Persia is the only country where an international body has made a study of the economic disarrangement and physical difficulties which might be expected to result from limitation of the opium crop. Accordingly, Persia may be regarded as furnishing in a certain sense a test case in determining the applicability to the world's present narcotic problem of what has become known as the "American plan"—the proposal to limit the production of raw materials to the medical and scientific needs of the world.

The Commission of Enquiry sent by the League of Nations to conduct a study in Persia has reported that there are many difficulties in the way of applying the American plan in that country. But it has also reported that the difficulties, in the case of Persia, are not insurmountable, granted a willingness to cooperate on the part of the Persian Government, coupled with a determination to move steadily forward toward achievement of the desired results.

It must be realized at the same time, however, that the application of the American plan to other countries may be attended with difficulties of a different type than those foreseen in the case of Persia, and that similarly they may reveal certain opportunities for success that do not exist in Persia. Thus, although Persia does partake to a certain degree of the nature of a test case, the present embarrassments in the Persian situation cannot be invoked as a reason for abandoning the attempt to apply the American plan in other countries. But it must be recognized that the Persian situation does make one fact very clear—viz., that the American plan cannot be regarded as a panacea easily applicable to all producing countries, nor as one whose results will be uniformly successful in every part of the world.

HELEN HOWELL MOORHEAD

TWENTY YEARS OF PERSIAN OPIUM

PERSIAN OPIUM POLICY IN THE PRE-WAR PERIOD

WHEN the International Opium Commission met at Shanghai in February, 1909, to take what has been characterized as the first step toward a solution of the opium problem by international action,¹ Persia was one of the thirteen states whose representatives participated in the discussions.

The majority of the states represented on the Commission were powers which enjoyed authority in regulating the policies of administrations in the Far Eastern area, where opium and drug control were coming to be recognized as matters of extreme importance. Persia was one of the few participating states which was neither a Far Eastern country nor had territorial possessions in that region. Its inclusion in the list of invited states was based on the consideration that not only opium-consuming countries but also all large opium-producing countries must be encouraged to participate in the discussion of international opium control if the latter were to be put on an effective basis.²

Up to the date when the International Opium Commission convened in Shanghai the Persian Government had followed a policy of *laissez-faire* in the matter of opium production. It had not itself attempted to monopolize cultivation or sale of the drug in any way, nor had it enacted any laws governing the consumption, importation or exportation of opium.³ It did, however, derive from the opium trade annual revenues estimated by the Persian delegate, M. D. Rizaeff, to be roughly in the neighborhood of 350,000 toman.⁴ About one-seventh of this revenue was yielded by provincial taxes on production, while the remaining six-sevenths represented the export duties collected by the Imperial Customs Bureau.⁵

In the absence of precise statistics, the Persian delegate placed the annual opium production of his country at about 1,330,000 lbs. and stated that of this amount one-quarter was retained for domestic consumption.

(1) Wright, Dr. Hamilton. *The International Opium Commission*. (American Journal of International Law, Vol. III (1909). p. 648.)

(2) Willoughby, W. W., *Opium as an International Problem*.

(3) International Opium Commission, Shanghai, 1909. Vol. II. *Memorandum on Opium Produced in Persia*, p. 317, ff.

(4) For purposes of general calculation the toman may be taken as the equivalent of the American dollar.

(5) International Opium Commission, Shanghai, 1909. Vol. II. *Memorandum on Opium Produced in Persia*.

The total value of exports of Persian opium he estimated to be about \$3,000,000. He further estimated that of the amount exported one-fifteenth was sent to the continent of Europe and Africa, four-fifteenths to Great Britain and the remaining two-thirds to Hongkong and the Straits Settlements.

The Persian delegate in explaining the large amounts of Persian opium consigned to Hongkong and the Straits Settlements stated that the majority of this opium (or about 35 per cent of Persia's total annual production) found its way ultimately to Formosa, while less than one-third (or 15 per cent of Persia's total production) was re-exported from the Straits Settlements and Hongkong to China. He added that no opium was exported to China directly from Persia.

The Japanese delegation sharply challenged the allegation that so large a proportion of Persian opium was consumed in Formosa, and produced figures prepared by the Government of Formosa which indicated that the average importation of Persian opium during the years 1901-07, inclusive, had been only one-quarter of the amount indicated by the Persian delegation.⁶ No one, however, challenged the accuracy of the Persian statement that half of the total amount of opium produced in Persia was exported annually to the Far East.

The outcome of the Shanghai deliberations was a series of nine resolutions endorsed by all the delegations, including that of Persia. Of these resolutions there were two whose implications in some degree affected Persia. Resolution 2 recommended that each delegation should move its own government to take measures for the gradual suppression of the practice of opium smoking. Resolution 4 enjoined on each country the duty of adopting all reasonable measures to prevent at ports of departure the shipment of opium, its alkaloids, derivatives, or preparations to any country which prohibited their entry.

To the Persian Government the foregoing resolutions represented an entirely unfamiliar opium policy. Hitherto, as already recorded, there had been no attempt to suppress opium smoking nor to regulate the domestic use of opium. Nor had there been any attempt to prohibit or control the shipment of opium abroad. Now the question arose as to whether the Persian Government could be induced to change its policy. The question was a critical one from the point of view of China, since the latter was endeavoring to shut out Persian opium, along with Turkish and Indian opium, from its territory. To this end the Chinese Government had issued a regulation, effective January 1, 1909, whereby the importation of Persian and Turkish opium was to be annually reduced until

(6) In its subsequent report to Congress the American delegation avoided all reference to the disputed question of Persian opium in Formosa. In view of the uncertainty attached by the Persian delegate himself to the figures he submitted, the American report paraphrased his statement in the following more general terms: "The Persian report exhibited the fact that there is a large internal production of low-grade opium; that there is a large consumption of it by the native population, and that a smaller part was exported to China. A higher grade of opium for medicinal purposes is also produced and exported to Europe." (Sixty-First Congress, Second Session. *Senate Document 377*. Feb. 21, 1910.)

the year 1916, after which no more permits for such importation would be issued and the trade in Persian and Turkish opium would be completely suspended.⁷

The Persian Government was not slow in indicating the policy it would follow. Upon receipt of the report of its delegation to Shanghai it continued to disavow responsibility for controlling opium exports intended ultimately for the China trade. But it did initiate measures to control the domestic use of the commodity. An opium law consisting of six articles was adopted by the Mejliss late in 1910. It provided that after seven years the use of opium should be confined to medicinal purposes while the use of its derivative, shireh of soukhteh,⁸ should be entirely stopped. In the interval taxes imposed upon stick opium and shireh of soukhteh would be gradually increased. All residue of smoked opium was to be turned over to agents of the Ministry of Finance at a fixed price.⁹ This would ensure government control of the manufacture and sale of shireh of soukhteh, which should not exceed the amount actually required by shireh addicts (whose names were to be officially registered) during the seven-year period preceding the date when all soukhteh was to be destroyed.¹⁰

The Ministries of Finance and the Interior were entrusted with the task of drafting regulations to make the new opium law effective. Shireh dens were henceforward to be under Government control. All opium sap was to be centralized in Government warehouses for manipulation. Some months later, to ensure payment of export dues, a system of stamping opium for export was devised.¹¹

This law was already promulgated when in 1911 Mr. M. Shuster, the newly-appointed American Administrator General of Finance, suggested a substantial increase in opium taxes as one of a series of measures for enhancing the national revenues. Approved by the Council on September 30, 1911, the proposal failed to become effective because of the unexpected withdrawal of Mr. Shuster from Persia before the bill could be submitted to the Mejliss.

Thus, by the time when the International Opium Conference was convened at The Hague in 1911, Persia had acquired an opium policy distinctly different from the one which had been in vogue when the International Opium Commission first met at Shanghai in 1909. Without altering its export policy or endangering in any way the substantial revenues derived from the shipment of opium abroad, the Persian Govern-

(7) For China's action with regard to restriction of Indian, Turkish and Persian opium, see Dr. Hamilton Wright, *The International Opium Commission*. (American Journal of International Law, Vol. III (1909.) pp. 835, 842.)

(8) Shireh of soukhteh, sometimes referred to as essence of opium, was the most harmful opium derivative in common use in Persia. "Shireh" was regularly manufactured from the opium dross or residue (known as soukhteh) remaining in the pipes after smoking.

(9) In 1914 an amendment to the opium law temporarily reduced this redemption price by two-thirds. Later, to combat the resultant increase in smuggling of soukhteh, the price was raised again.

(10) League of Nations. Records of the Second Opium Conference. Geneva, November 17th, 1924-February 19th, 1925. Vol. II. *Memorandum on Persian Opium*, p. 212.

(11) *Ibid*, p. 195.

ment had taken an important step in the direction of suppressing domestic consumption, in spite of the difficulty and expense which enforcement was recognized to involve.

THE HAGUE CONFERENCE, 1911-1912

The first International Opium Conference at The Hague, convened to draft an international agreement embodying the principles proposed at Shanghai, was attended by a delegation from Persia headed by Mirza Mahmoud Khan. The latter took an active if not always successful part in the deliberations. Two proposals were suggested by him which the Conference failed to accept. The first of these was a sweeping resolution whose acceptance would have bound all of the Governments represented in the Conference to regard as contraband and to destroy immediately all opium prepared for smoking found in international transit. This resolution was defeated by unanimous vote.

A later resolution proposed by Mirza Mahmoud Khan, aimed at the elimination of eating-opium and low-grade smoking-opium, had the support of the United States delegation, but was defeated through the opposition of the remaining members of the Conference.¹² The resolution was as follows:

"It is agreed by all the represented Powers that there should be a gradual suppression of the production of opium containing less than 9 per cent of morphia, and that the interested Powers should pledge themselves to discourage all enterprises due to private initiative engaged in the production of a lower grade of opium; and where opium is produced under Government monopoly or where the system of Government monopoly is to be established, they should engage within eight years to raise the quality of such opium to the recognized standard."

This attempt to limit the production of opium to the higher grades suitable for manufacture of drugs for medicinal purposes was opposed with special vigor by one of the British delegates, whose chief contention was that it would be impossible to do away with the production of low-grade opium in India as long as normal medical service in the European sense of the term was not available for great masses of the population of that country.

Mirza Mahmoud Khan's proposals were merely incidents in a long and busy conference, which arrived ultimately at a number of agreements embodied in the so-called Hague Convention. It was the intent of the International Opium Convention drawn up at this Conference to provide for gradual suppression in all parts of the world of the abuse of opium, morphine, cocaine and their preparations and derivatives. To this end it suggested common policies to control production, manufacture and trade in all parts of the world. The Convention was to become effective on December 31, 1912.¹³

(12) International Opium Conference, The Hague, 1911-12. *Actes et Documents*. 1912.

(13) League of Nations. *Report of the Advisory Committee on Traffic in Opium*. First Session. Geneva, May 2-5, 1921.

The action taken by Persia with respect to the Hague Convention was an index to the policy it has pursued ever since the 1911-12 Conference. The Persian delegate signed the Convention, but, in keeping with his Government's former refusal to interfere with shipments of opium destined for the Far Eastern trade, he made a reservation with respect to clause (a) of Article 3 which provided that contracting powers should prevent the export of raw opium to countries prohibiting its entry.¹⁴

In the case of Persia, which hitherto had assumed no responsibility for the destination of opium shipped from its ports, Article 3 (a) of the Hague Convention was regarded as constituting an obligation too serious to be assumed immediately. The Persian delegate offered to support the clause if it were amended to read: "To prevent *as soon as possible* the export of raw opium to countries which shall have prohibited its entry;" but when his proposal was voted down he refused to endorse the clause as it stood in the text of the Convention.

The Persian reservation was not made for purely academic reasons. In the interval since the Shanghai Conference of 1909, the Chinese Government, which had already made arrangements with Great Britain for the reduction of Indian opium shipments to China, had further decreed that importation of Persian and Turkish opium into China should cease on January 1, 1912, instead of in 1916 as originally contemplated. (See above, p. 6.) For the Persian Government to acquiesce in Article 3 (a) would therefore have been to assume moral responsibility for seeing that the lucrative trade in opium with China was terminated immediately.

The Chinese Government, anticipating difficulty in excluding Persian as well as Turkish and Indian opium, attempted at the Hague Conference to obtain the adhesion of the Governments there represented to the terms, among other things, of its embargo on Persian opium in order that each Government might make the prohibition binding on its own nationals. The Persian delegate, while affirming his belief that smoking-opium must be regarded as one of the most dangerous poisons—a poison which no civilized nation should export or import—deprecated the Chinese proposal to incorporate the terms of the embargo in the Hague Convention itself. Since the embargo went into effect on January 1, Persian merchants, caught with large stocks on their hands, had been faced with heavy losses. He feared that, if the embargo resolution were to be incorporated in the text of the Hague Convention, Persians would blame the Conference for their misfortunes. For the Persian Government, which

(14) Article 3, to a clause of which the Persian delegate objected, was one of several articles dealing with the export of opium. The entire article was as follows:
"Article 3.

The Contracting Powers shall take measures:

- (a) To prevent the export of raw opium to countries which shall have prohibited its entry, and
- (b) To control the export of raw opium to countries which restrict its import, unless regulations on the subject are already in existence."

depended on the cooperation of its people, it was important that so serious a misunderstanding should be avoided, if the authorities were to enjoy the support of public opinion in enforcing the main provisions of the Hague Convention. Over the Persian protest, however, the majority of the delegates agreed to the Chinese proposal to write the embargo into the text of the Hague Convention. But later the Chinese delegation of their own accord withdrew their suggestion, since it had become apparent that if it remained incorporated in the text of the main instrument it would stand in the way of unanimous agreement to the terms of the Hague Convention.

No Persian delegate attended the Second International Opium Conference held at The Hague in July, 1913 to secure ratification of the Convention of 1912, but at the Third Conference in June, 1914, Mirza Mahmoud Khan appeared, promising on behalf of his Government that, after certain constitutional details had been attended to, Persia would ratify and enforce the Hague Convention of 1912.

POST-WAR EFFORTS TO CONTROL DOMESTIC OPIUM

IF the Great War served to delay international measures for the suppression of opium smoking in the Far East in general and in Chinese foreign concession areas in particular, it had also the result of dissipating the hopes or fears of those Persians who had foreseen the early suppression of opium smoking in their own country. For Russian, British and Turkish campaigns in Persia resulted in an almost complete paralysis of the central government at Teheran. The country was over-run with foreign troops. Russian attacks continued until 1920, and a British military occupation until 1921. The internal administration of the country was in a state of disorganization. The Government bureau for the reduction of the use of opium and its derivatives, formed in 1910 to enforce the opium law,¹ had long since disappeared. Although there were sporadic attempts to collect opium taxes, and rates of taxation were nominally higher than formerly, the 1910 opium law was largely in abeyance. Certainly it had failed in its avowed purpose of putting an end to the use of shireh of soukhteh and the smoking of opium before the year 1918.

But ultimately the tide changed. In 1921, at the time when foreign troops were being withdrawn from Persia, forces were at work which made for the strengthening of the central government, and with the gradual renewal of an effective central administration the attempt of the Government to establish control over Persia's internal opium traffic also revived.

It was in 1922 that the Persian Minister of War (who was among the men chiefly responsible for the unexpected regeneration of Persia's national vigor) assumed responsibility for collecting domestic opium revenues and for seeing that the regulations under the 1910 law for centralizing opium sap in government warehouses were carried out. In this it was estimated later² that he succeeded to the extent of bringing one-fifth of the domestic trade under government control. His greatest success was obtained in the provinces of Teheran, Kermanshah, Shahroud, Kerman, Hamadan and Yezd.³

In 1922 an American Financial Mission under Dr. A. C. Millspaugh undertook responsibility for reorganizing the finances of Persia. Collection of opium revenues was therefore transferred to it by the Minister of War, and one of the many duties of the American Mission was in consequence found to consist in extending and enforcing the government's regulations for control of the domestic opium trade.

(1) International Opium Conference, The Hague, 1911-12. *Actes et Documents*, 1912.

(2) Millspaugh, A. C., *The American Task in Persia*.

(3) League of Nations. *Records of the Second Opium Conference*. Geneva, Nov. 17, 1924-Feb. 19, 1925. Vol. II. Memorandum on Persian Opium, p. 195.

The smuggling of opium from producing areas for consumption in non-producing areas within Persia had by this time become a highly organized business.⁴ Within producing areas themselves irregular transactions were also frequent. Thus, to enforce the regulation that all opium sap must be centralized in government warehouses was to combat powerful vested interests, especially in Isfahan, where even the Minister of War had been unsuccessful in his attempts to make producers, owners and traders conform with the laws.

Faced everywhere with difficulties, it was in this city that the American Financial Mission met the most determined opposition. It was estimated that in Isfahan at least 5,000 out of a total population of 80,000 gained their whole living or a substantial part of it from the opium trade.⁵ Isfahan was the center where almost all raw opium intended for export was manipulated. It had hitherto intimidated all Government agents sent to enforce the 1910 laws. In 1923, when the American Financial Mission in its turn undertook to establish a central warehouse in that city, a crisis arose. Recalcitrant opium traders occupied the premises of the Telegraph Office in protest against enforcement of the opium law and induced 7,000 peasants from the surrounding countryside to enter Isfahan and join in the protest. The city bazaars closed, and a general strike began. Col. D. W. MacCormack was despatched to Isfahan on behalf of the American Financial Mission to enforce the regulations. In less than three weeks, according to the report of the Administrator General of the Finances of Persia, he succeeded in arriving at an agreement with the peasants and established a working compromise with the merchants whereby a measure of government supervision was at last put into effect, and the complaints of Isfahan traders were terminated.

Some realization of the practical problems continually faced by the American Financial Mission is gained by a perusal of the quarterly reports of the Administrator General of the Finances of Persia during the period when control was being established over the opium trade.

The essential object was to gather all opium sap into the government warehouses, since only in this way could the Administration be sure of collecting legitimate revenues derived from local consumption and exportation and from handling opium in the mails. Formerly opium taxes had been farmed out or collected by provincial governors and tribal chiefs.⁶ The system had encouraged corruption. Centralization, although more expensive, was considered preferable in every way. Soon the American Mission reported that very satisfactory progress had been made in centralizing opium sap,⁷ especially in Isfahan, where general exemptions granted the previous year were withdrawn and the amounts of opium

(4) Millspaugh, A. C., *The American Task in Persia*.

(5) *Ibid.*

(6) *Ibid.*

(7) Administrator-General of the Finances of Persia. *Eighth Quarterly Report* (June-September, 1924).

sap entering the warehouse had more than doubled in comparison with those of the previous year. The amount of opium sap entered in government warehouses was much greater now than it had been under previous more troubled administrations, rising from 477,659 lbs. in the year 1918-19 to 1,156,083 in the year 1922-23 and 1,372,650 in the year 1923-24. But much still remained to be done in certain of the provinces. Shiraz, for example, was just beginning to come under control. Here, as had been the case in Isfahan, the administration was forced at first to make concessions to the merchants, who continued to use private factories to a certain extent for the manipulation of opium, but who agreed to meet certain fixed charges in return for this privilege and to pay stated transit dues on opium shipped to domestic markets or to the port of Bushire.

In 1923, early in the process of centralization, steps were taken to prevent losses, deficits and frauds said to have been occurring in the central warehouses. Strict methods of accounting were introduced and no consignment of opium was accepted until after careful examination for counterfeit banderoles.⁸ Weight and quantity were individually recorded.

In the same year, for the purpose of extending control over the sale of opium dross (*soukhteh*) an appropriation of 20,000 toman (approximately \$20,000) was made. This enabled wider purchase of dross from which government agents might manufacture the amounts of *shireh* required by addicts presumed to have been registered in accordance with the provisions of the 1910 opium law. Special instructions were issued for the preparation, collection and transport of *soukhteh*, but it was only gradually that the government regulations were made effective.

The war on domestic smuggling of opium continued throughout the entire period of the American financial administration. Illicit transactions were relatively easy to detect in those provinces where opium was not produced, and in such regions the Administration claimed to have established fairly effective control. (See Map 1.) It was in the provinces where opium was produced and where clandestine transportation was a highly organized business that smuggling was most difficult to suppress.

A system of transportation permits was devised, whereby the progress of opium consignments could be closely watched between place of origin and destination. Banderolees were surcharged with the name of the district for which each package was destined. An attempt was made to improve postal facilities for the handling of opium, so that the regulation might be enforced which prohibited transportation by caravan unless taxes had first been paid in cash as security. Weekly telegraphic reports

(8) Banderolees were affixed to prepared opium by agents of the government to indicate that regulations had been complied with and legal dues paid.

of opium prices in the provinces were sent to Teheran, enabling the Administration to detect cases in which a substantial amount of smuggling was having the effect of lowering general prices.



SKETCH MAP OF PERSIA
(Indicating relative standing of provinces in production of opium)

It was found necessary, too, to request the Prime Minister to issue an order providing for the dismissal of any Government employee found to be engaged in the illicit opium traffic. This order was issued early in 1924.^{8a} Later a Civil Service Law provided that government employees who failed within a specified time to abandon the opium habit should be discharged. Opium smoking was forbidden in the army also.

In a Memorandum on Persian Opium submitted by the Persian Delegation to the Second Opium Conference held at Geneva (November, 1924-February, 1925), there were outlined a series of seven principles for opium control which the Persian Government assured the League it would immediately adopt. These important principles, which had the approval

(8a) Administrator-General of the Finances of Persia. *Sixth Quarterly Report* (December, 1923-March, 1924).

of the American Financial Mission, are reproduced in their original form in Annex I of this report. (See page 39.)

The net result of the Government's measures to establish control over the Persian opium traffic was a gradual, but generally not spectacular, increase in opium revenues. The following figures culled from the reports of the Administrator General of the Finances of Persia indicate the progress made. It will be remembered that weather conditions as well as the effectiveness of the work of government inspectors contributed in an important way to the results quoted, as in 1925, for example, when severe weather materially diminished the opium crop.

APPROXIMATE COLLECTION OF OPIUM REVENUE UNDER AMERICAN FINANCIAL ADMINISTRATION*

(In Krans)

	Lowest Figure Quoted	Highest Figure Quoted
1922-23	.....	11,860,765
1923-24	10,419,222	12,064,531
1924-25	14,222,472	14,899,611
1925-26	14,779,866	16,391,084
1926-27	13,700,000†	14,655,293
1927-28	14,000,000†	.....

*Since revenues are variously reported in different tables, the highest and lowest quotations are reproduced here to indicate the approximate yield. To ascertain corresponding value in American dollars divide by 10.

†Early estimates.

The above collections represented financial returns from the following sources, arranged in order of their revenue-producing value.⁹

1. A tax on smoking-opium for which the banderole or revenue stamp served as a receipt.
2. An agricultural tithe charged against the proprietor's share of the opium crop.
3. Import and export dues.
4. Domestic transport charges.
5. Sale of shireh of soukhteh.
6. Fines for offenses against the opium regulations.
7. Warehouse charges.
8. Manipulation fees.

While the reports of the American Financial Mission expressed optimism with regard to the effectiveness of measures taken to control the opium traffic, it was frankly recognized that the situation left much to be desired. There continued to be a certain amount of smuggling across the Russian border in both directions. Poppy-growing districts were widely scattered and therefore difficult to inspect. In the gardens of

(9) League of Nations. *Records of the Second Opium Conference*, Geneva, November 17, 1924-February 19, 1925. Memorandum on Persian Opium, p. 212.

anderuns (women's quarters) where inspections could seldom be carried out, it was not unusual for opium to be grown. Cultivators were apt to retain as much opium as they desired for their own use. Opposition by cultivators and proprietors had been so stubborn that there were still some excellent opium-producing areas where government supervision had not been established. It was estimated that in 1923-24 one-third of the total opium production of Persia escaped government supervision by one or other of these means.¹⁰ Even in 1927 it was still possible for a member of the American Financial Mission to admit that, whereas at some points (*e. g.* in Teheran) the law was well enforced, there were several important opium-producing and marketing centers where control was not effective, owing to the fact that in these places the government had found it necessary or expedient to relax the rigor of the enforcement law.¹¹ In explaining this phenomenon the Director of the Internal Revenue Administration recalled the fact that Persia had had a constitutional form of government for only twenty years. There had not yet been time to build up an adequate body of civil and criminal law or even to provide means for the execution of the existing laws and regulations. There was an intense public feeling against any legislation or regulation which infringed upon the freedom of action of the individual.¹²

The impression produced by the published statements of the Director of Internal Revenue Administration is one of considerable gratification that in the face of political, geographical and psychological difficulties the American Mission had succeeded as far as it had in extending control over Persia's domestic opium trade. It estimated that control had been only twenty per cent effective when the American Mission took over responsibility for opium collection. Within three years, at a cost which the Director of Internal Revenue Administration placed at one-tenth of the opium revenue, it was again estimated that control had become almost seventy per cent effective. Up to the time when the American Mission withdrew in 1927, however, the Administration did not relax its efforts to reach the goal of completely effective control.

(10) League of Nations. *Records of the Second Opium Conference*. Geneva,, Nov. 17, 1924-Feb. 19, 1925. Vol. II. Memorandum on Persian Opium, p. 204.

(11) League of Nations. *Commission of Enquiry into the Production of Opium in Persia. Report to the Council*, p. 41. Also *Observations of the Persian Government on the foregoing*.

(12) League of Nations. *Observations of the Persian Government on the Report by the Commission of Enquiry into the Production of Opium in Persia*, p. 11.

PERSIAN OPIUM AND LEAGUE CONTROL

IN November, 1919, Persia responded to an invitation to adhere to the Covenant of the League of Nations. When it did so it found itself once more within the orbit of international discussions concerning world opium traffic, for by Article XXIII of the League Covenant and the Treaty of Versailles, general supervision over the execution of agreements with regard to the traffic in opium and other dangerous drugs had been entrusted by signatory states to the League of Nations.

Persia, because of its failure to ratify the Hague Convention, was not represented on the Advisory Committee on Traffic in Opium and other Dangerous Drugs, which met for the first time in 1921 to perform its function of encouraging international cooperation and advising the League Council in matters affecting the drug traffic. But it had a representative on the Fifth Committee of the League Assembly—a body whose duties included that of advising the Assembly concerning the traffic in opium. Persia thus possessed a double opportunity for engaging in discussions of international measures to eliminate abuse of opium and other dangerous drugs. Either in the Fifth Committee or on the floor of the Assembly itself Persian representatives had the right to speak and the opportunity to exercise to the full such influence as they enjoyed among their colleagues. From them, also, the Persian Government was in position to receive first-hand accounts of yearly trends in the opium policy of the League.

It was soon to transpire that Persian opium policy became a familiar topic of discussion at the *Palais des Nations* in Geneva. During precisely the same period when the American Financial Mission in Teheran was extending administrative control over the production, manipulation and domestic sale of Persian opium, there was observable at Geneva a growing concern lest Persia's export policy should nullify the attempts of the League to reduce world opium traffic to legitimate proportions. This concern was to reach such a degree that by the time the American Mission withdrew from Persia in 1927 that country's export policy had become one of the dominant themes at meetings of the Opium Advisory Committee in Geneva.

Those who advanced objections to Persia's opium export policies did so chiefly because the latter remained in 1921 substantially what they had been in 1911, regardless of important changes in the policies of other states. The Persian authorities assumed no more responsibili-

ty for control over opium exports¹ than was necessary for collecting opium export fees and export taxes. With the destination of shipments they did not concern themselves. There seemed to be no indication in 1921 that Persia might soon become inclined to withdraw its reservation to Article 3 (a) of the Hague Convention, designed to prevent the export of raw opium to countries which prohibited its entry. (See p. 9.)

League bodies regretted the attitude of Persia and supported the interests of countries which attempted to eliminate importation of foreign opium. The Council itself, on the recommendation of the Advisory Committee on Traffic in Opium, encouraged all states party to the Convention to follow the lead of those countries which had already reduced or put an end to uncontrolled opium and drug exports.

It was with the intention of providing more effective machinery for controlling the international opium trade that the Advisory Committee on Traffic in Opium during its first session in 1921 worked on a formula to ensure the legitimate entry of exported opium into importing countries.² And it was because of the importance of securing conformity in this respect among all opium producing and drug manufacturing countries that almost no year was to pass henceforward without some communication from the League Council to the Persian Government, urging the latter to ratify the Hague Convention and accept responsibility for exercising control over the destination of opium and drug shipments.

At the 1921 session of the Advisory Committee on Traffic in Opium the specific question of Persia's export policy did not arise. But the Committee busied itself with certain matters which should not go unnoticed, since they were to recur again and again on subsequent occasions when Persia's position in the international opium trade was under discussion.

Among other things, the Committee made plans for collecting annually from all states party to the Hague Convention information concerning production, distribution, and consumption of opium and concerning measures adopted to put the provisions of the Hague Convention into effect. It also formulated the import certificate system already alluded to. Finally it requested the League of Nations to use its influence to secure ratification of the Hague Convention by all member states as soon as possible.

(1) It did forbid, however, the export of morphine, cocaine and their derivatives, except when special permission had been received from the Persian government.

(2) The Resolution concerned was subsequently adopted by both the League Council and the Assembly. It read as follows:

"Every application for the export to an importer of a supply of any of the substances to which the Convention applies shall be accompanied by a certificate from the Government of the importing country that the shipment of the consignment in question is approved by that Government and is required for legitimate purposes. In the case of drugs to which Chapter III of the Convention applies, the certificate shall state specifically that they are required solely for medicinal or scientific purposes."

Each of these recommendations the Advisory Committee wished Persia to adopt. Each of them, if adopted, would have represented a departure from Persia's traditional habits. But it was not until the second session of the Advisory Committee in the spring of 1922 that their bearing on Persian policy as such came up for discussion at Geneva. On this occasion, in view of the amounts of Persian opium that were known to be finding their way to Far Eastern ports, the Advisory Committee asked the Council to urge the Persian Government specifically to adhere to the Hague Convention in its entirety and to put its provisions into force with as little delay as possible.

From this time forward, discussions of Persia's export policy were destined to grow in length and liveliness as time passed and as repeated efforts to induce Persia to ratify the Hague Convention and put its provisions into effect failed to secure the practical results desired.

The discrepancies between the suggestions of the League and the accomplishments of Persia were not due to negligence on the part of Persian representatives in submitting the League's views to their own Government. The Persian delegate to the Third Assembly, for example, telegraphed to his Government in September, 1922, requesting it to ratify the Hague Convention and withdraw its reservation to Article 3 (a). The reply of the Persian Government was received when the Advisory Committee met for the fourth time in January, 1923. The Persian Government, this reply stated, proposed to submit the question of unqualified ratification to the Mejliss at an early date. To reconsider the entire question of Persian opium policy before the nation committed itself to ratification of the Hague Convention, a committee appointed by the Persian Government soon began to hold sessions in Teheran. When the Fifth Session of the Advisory Committee met (May-June, 1923) it was expected that the report of the Opium Committee in Teheran would shortly be laid before the Mejliss.

It was not until the fall of 1923, however, that the Persian Government authorized its representative at Geneva formally to announce the conclusions to which it had come. Prince Arfa-ed-Dowleh stated before the Fifth Committee of the Assembly (September, 1923) that his Government was now ready to withdraw its reservation in regard to Article 3 of the Treaty of 1912.^{2a} But it could not actually take this action until it was in possession of a satisfactory constructive scheme providing substitutes for the cultivation of opium. As soon as this happened, Persia would endorse Article 3 on the understanding that the country would be allowed a certain period of time in which to put the substitution program into practice.

(2a) League of Nations. Records of the Fourth Assembly. *Minutes of the Fifth Committee*, p. 131.

In this connection Prince Arfa suggested to the Assembly that it might be useful to send a detailed questionnaire to various producing and manufacturing countries to ascertain their financial and technical difficulties and to get estimates of the periods of time which it would take to make the changes desired. An Economic Conference might be called to consider the replies received.

The suggestion was not carried out in the form proposed, but Prince Arfa's main view that opium suppression must be accompanied by a carefully planned program of crop substitution was not contested. Meanwhile the Assembly made a laconic response to the Persian delegate's announcement that his country was ready in principle and conditionally to withdraw its reservation to Article 3 (a) of the Hague Convention. It adopted a resolution asking the League Council to repeat its request to Persia, along with seven other tardy member states, to ratify and apply the opium convention.

STATISTICS OF PERSIAN EXPORTS

By this time the Advisory Committee had begun at its various meetings to discuss in some detail the volume and destination of Persia's opium exports. But the subject had its difficulties. Nothing was clearer than that authoritative information was impossible to get under existing circumstances. Persia had not sent annual reports to Geneva. In the absence of official statistics the best that could be done was to piece together information published in the records of importing countries. But general statements so arrived at concerning the Persian export trade were known to be incomplete, and there was a feeling that their accuracy could not be depended upon.

Nevertheless, such figures were from time to time compiled and published. Among the first given to the public through the medium of the Advisory Committee was an estimate that in the five years from 1914 to 1919 Persia had exported to the United States and to the United Kingdom a total of 3,294,988 lbs. of opium, while to the Far East in the nine years from 1911 to 1920 there had gone consignments (transhipped at Bombay) amounting to 1,832,600 lbs.³

At a later session it was reported that the Administrator General of the Finances of Persia had placed the figure of Persian opium exports for the year 1921 at 362,885 lbs., the destinations named being as follows: For England, 272,644 lbs., for Russia, 32,826 lbs., for Japan, 23,573 lbs., for China, 12,642 lbs., for India, 11,027 lbs., for Mesopotamia, 8,651 lbs., for Egypt, 1,570 lbs., for Switzerland, 1 lb., for the U. S. A., 1 lb.⁴

(3) League of Nations. Advisory Committee on Traffic in Opium. *Minutes of the Fourth Session, January 8-14, 1923. Annex I.*

(4) League of Nations. Advisory Committee on Traffic in Opium. *Minutes of the Fifth Session, May 24-June 7, 1923.*

Fragments of information such as the foregoing were welcomed by the Advisory Committee, even though they lacked qualities which would have made them valuable for comparative purposes. For since the Hague Convention had come partially into force the Advisory Committee was on the alert for any item of news which would help to indicate trends in world opium traffic and an opinion existed among members of the Advisory Committee that a particularly dangerous trend was to be found in the movement of large quantities of Persian opium to the Far East. At the third session of the Advisory Committee (September 1, 1922) the view had been stated by Mr. (later Sir) John Campbell, representing India, that exports from India to Formosa had been almost entirely replaced within the last two years by exports of Turkish and Persian opium. Sir Malcolm Delevigne, the Chairman, had added that since states party to the Hague Convention had reduced their exports to the Far East in general, a very serious situation had been arising through the increase of exports of Turkish and Persian opium to this area. This was an opinion which later figures were to support more strikingly than those already quoted.

The first connected and full report on Persian opium exports which the League was able to publish was contained in a memorandum on Persian opium submitted by the Persian Government to the Second Opium Conference in November, 1924. In an appendix to this Memorandum the subject of destination of Persian opium shipments was given more extended treatment than hitherto. The most noteworthy feature of the tables prepared on this subject was the indication that whereas Russia had been the declared destination for only 143,312 lbs. of Persian opium in 1922-23, in the following year it had been the declared destination for 451,276 lbs. The amounts consigned to England had dropped from 290,141 lbs. in the earlier year to 9,802 in 1923-24, while there had been only a slight reduction in shipments for China (166,725 lbs. in 1922-23 to 137,189 lbs. in 1923-24).

These figures are of particular interest in the light of statements which were to emanate in succeeding years from the Advisory Committee to the effect that very little of the Persian opium consigned to Russia ever reached that country, but that by far the greater part was diverted to the contraband trade. It is interesting to compare these figures with those in the following table, compiled from figures furnished by the British Government and appearing in the records of the seventh, eighth and ninth sessions of the Advisory Committee (1925-27), at which this subject of contraband trade was discussed at greater length.

PERSIAN OPIUM KNOWN TO HAVE BEEN SHIPPED FROM THE PORT OF BUSHIRE,
1924-1926⁵

	May 1, 1924- May 31, 1925		June 1, 1925- April 30, 1926		April 1, 1926- November 30, 1926	
<i>Declared Destination*</i>	<i>Cases</i>	<i>Pounds</i>	<i>Cases</i>	<i>Pounds</i>	<i>Cases</i>	<i>Pounds</i>
Vladivostok	4,489	718,240	5,784	925,440	2,958	473,280
Dairen	506	80,960	200	32,000	200	32,000
Keelung	371	59,360	581	92,960	50	8,000
Macao	350	56,000	.....	.....	.....	.....
Singapore	175	28,000	.....	.....	1,850	296,000
Hamburg	80	12,800	.....	.....	.....	.....
U. S. A.	5	800	.....	.....	.....	.....
Hongkong†	25	4,000	.....	.....	.....	.....
Kobe .....	.....	.....	100	16,000	.....	.....
Total.....	6,456	1,032,960	6,669	1,067,040	5,067	810,720

* It will be noted that the items listed in this table account for the majority of shipments, but not for the total amounts quoted. Some of these transactions were legitimate, others illicit.

† Destination believed by British authorities to be incorrectly stated.

Itemized reports of exports from Bushire during the years 1922-24 were not published by the Advisory Committee. It did, however, publish a summary, based on British reports, giving the totals as follows:

PERSIAN OPIUM KNOWN TO HAVE BEEN SHIPPED FROM THE PORT OF BUSHIRE,
1922-1924^{5a}

	<i>Cases</i>	<i>Pounds</i>
1922	1,549	247,840
1923	5,914	946,240
1924	5,008	801,280

(Official Persian customs returns did not correspond with the above, inasmuch as they indicated the total exports for 1922 to have been 257,503 lbs., and those for 1923 to have been 665,312 lbs.)

The disparity between the Persian and British figures does not alter one of the main deductions that are to be made on the basis of the above figures—viz., that between the years 1922 and 1926 Persian opium exports were gaining rapidly, while figures for seven months of the year 1926-27 indicated that there was no falling off of opium exports in the latter period.

Returning to the information contained in the Persian Memorandum submitted to the Second Opium Conference in November, 1924, a second feature should be referred to, which explained the tenacity with which Persia clung to the right to export all the opium for which it could find a market. Opium exports, the report stated, ac-

(5) League of Nations. Advisory Committee on Traffic in Opium. Seventh, Eighth and Ninth Sessions. *Report to the Council*.

(5a) League of Nations. Advisory Committee on Traffic in Opium. Seventh Session. *Report to the Council*, p. 112.

counted for 20 or 25 per cent⁶ of all Persian exports exclusive of oil.⁷ In the view of the Persian Government a country possessing a perennially adverse trade balance could not afford to overlook a fact of this importance.

The total amounts of opium exported from Persia varied from year to year but had not yet reached pre-war levels. The total amount recorded in 1913-14 had been 770,516 lbs.—a figure exceeded in the two following years. The point of lowest depression had been reached in 1921-22 when 255,697 lbs. were exported. In 1923-24 the figure had risen to 690,833 lbs.⁸

A third feature of the Persian memorandum was the emphasis it laid upon a sudden increase in opium importation into Persia which, it indicated, had taken place since 1921. In the year 1920-21 only 286 lbs. of opium had been imported into Persia. In 1921-22 the figure had risen to 955 lbs. In 1922-23 it rose again to 15,034 lbs. and in 1923-24 to 22,074 lbs. This phenomenon appeared to be due in part to the fact that increasingly severe export regulations encouraged merchants in neighboring countries to consign their cargoes to Persia, where they were transhipped at the port of Bushire. This, it was said, had been true in the case of Indian opium in the year 1923-24.^{8a} It was also true in the case of opium from Afghanistan.

Persia did not look with favor on this new development, inasmuch as fictitiously augmented export figures resulted in bringing unnecessary odium upon Persia, while at the same time the new trade served to depress the market value of Persian opium itself.⁹ Representations on the subject were made to the Council of Ministers, who later issued a decision prohibiting the importation of foreign opium into Persia or its transhipment at Persian ports.¹⁰

India's attitude in the matter had the effect of strengthening the Persian Government's hand, inasmuch as the Indian authorities now

(6) To avoid paying export taxes in full, merchants were accustomed to value their shipments at a lower figure than was actually commanded in foreign markets. Thus it was that although in customs statistics for the years 1919 to 1924 the percentage of opium exports to total exports (exclusive of oil) ranged from 8.6 per cent to 16.1 per cent, the Persian Government was willing to subscribe to the statement which placed the percentage considerably higher.

(7) Persian oil-fields were under development by foreign concessionaires who accordingly enjoyed the profits derived from oil exports. Persia received only a royalty, the wages paid to employees of the company and the amounts spent in the purchase of supplies within the country. Therefore, it was customary for oil to be listed separately or omitted entirely from Persian export statistics.

(8) For full statistics, including tables showing declared destinations in 1922-24, see Annex V, page 55.

(8a). The accuracy of the detailed Persian statistics regarding transhipment of Indian opium at Bushire during the year 1923-24 was to be questioned by Sir John Campbell at the Seventh Session of the Advisory Committee in August, 1925.

(9) League of Nations. Second Opium Conference. Geneva, November 17, 1924-February 19, 1925. *Memorandum on Persian Opium*, p. 205.

(10) Administrator-General of the Finances of Persia. *Eighth Quarterly Report, June 22-September 22, 1924*.

prohibited all exports of opium to Persia. This was done in the belief that all opium exported to Persia would go to swell the volume available for the illicit trade.¹¹

PERSIA AT THE SECOND OPIUM CONFERENCE

That Persia felt the pressure brought to bear on it at Geneva to relinquish its doctrine of a free opium export trade is suggested in the Eighth Quarterly Report of the Administrator General of the Finances (June-September, 1924), published about the time when the Second Opium Conference met. Designed as a warning to Persian opium producers that it might be an unfortunate thing for themselves if they failed to fall in line with the opium policy which the Government had proposed in its Memorandum to the Second Opium Conference, the report also represented a not uncommon point of view with regard to the precariousness of Persia's hold on foreign markets—a point of view which ought to be remembered if the attitude adopted by Persia at Geneva is to be thoroughly understood. The report read in part:

"It must be borne in mind that while the other powers cannot prevent the cultivation of opium in Persia and cannot entirely prevent its shipment, they can prevent the shipment of opium through normal channels and its sale in the legitimate markets of the world. Were this done, the only sale for Persian opium would be through two channels, both apparently contraband. This would mean a monopoly of purchase and consequently depressed prices for the Persian producers and merchants. Another danger of being temporarily barred from the legitimate markets of the world is the fact that this would permit other opium growing countries to obtain the business in legitimate opium that now goes to Persia. If they once obtain such an advantage it would be difficult for Persia ever to recover this trade.

"For these reasons it is of the utmost importance that opium cultivators and merchants fully cooperate with the Government in taking such measures as are possible at present to bring about a better control over the traffic. If they do this and Persia is thus enabled to show the other nations that serious steps are being taken, it will certainly be possible to obtain sufficient time to make the change gradually (i. e., substitution of other crops for opium) and to retain for Persia a large share of the world's opium production, while at the same time accomplishing a material improvement in the economic condition of the opium growing provinces and of the Empire as a whole."

Already the American Mission had devoted some thought to the substitution scheme here referred to. Its suggestions were embodied in the Memorandum on Persian Opium, already mentioned, which Prince Arfa-ed-Dowleh presented to the Second Opium Conference in November, 1924. The memorandum outlined measures Persia

(11) League of Nations. Advisory Committee on Traffic in Opium. *Minutes of the Seventh Session, August 24-31, 1925.*

might take to improve its lands, its communications, its irrigation system and its agricultural methods so as to increase ordinary sources of revenue preparatory to experimenting in opium reduction.

In view of what had transpired in former years, the members of the Second Opium Conference were interested primarily in the new declaration of policy to which these suggestions served as a preface. The Persian Government now declared that it was in full accord and sympathy with the efforts of the League of Nations to eradicate the illicit trade in dangerous drugs. It promised to withdraw its reservation to Article 3 of the Treaty of 1912 and to accept the system of opium import certificates as soon as it was economically possible to do so.¹²

The report went on to say that the amount of capital invested in the cultivation of and commerce in opium and the number of people dependent thereon for support was so great that a carefully worked out plan of crop substitution, a large capital investment, and the provision of adequate technical advice and direction were necessary before any serious progress could be made. But if these facilities were provided, it was a practical certainty that the production of opium in Persia could be reduced to medicinal and scientific requirements within an approximate period of ten years.

Persia was not in a position to provide for any such heavy expenditures as the above program would require. Its revenues were barely sufficient to meet the current expenses, and prospective increases in national revenues would have to be devoted in large measure to certain reproductive public works. Furthermore, an ordinary loan would not serve Persia's needs in this regard, since it would be difficult to meet the interest before substitute crops and revenue-producing public works were established on a paying basis. Thus there were three conditions which would have to be fulfilled before Persia could conform to the wishes of the League in the matter of its opium policy.

1. It must receive a loan of ten million tomans for twenty years at a rate not to exceed 5 per cent. per annum, no interest being charged for the first five years. One-tenth of the loan should be payable annually beginning with the eleventh year.¹³

2. During the transition period, foreign Governments having claims against Persia must grant a moratorium, releasing the country temporarily from a financial burden of from one to two million tomans per annum during the difficult period when the revenues were being reorganized.

(12) At the Second Opium Conference a more detailed scheme than that of 1921 (see above, page 18) was adopted for controlling the export of opium and manufactured drugs. The new measures were expected to ensure that every nation should receive only the raw material or drugs necessary for its needs, and thus become fully responsible for the amount of its importations. For the text of the new provisions for establishing individual export and import certificates see Chapter V of the Second Opium Convention, Articles 12-18.

(13) It was pointed out that this would cost the governments concerned approximately 500,000 tomans annually for the first five years. Persia's loss of revenue during the transition period would be much greater.

3. Restrictions on Persia's liberty of action in tariff questions¹⁴ must be removed and the assistance of interested Governments secured in increasing the Customs revenues.

Several considerations led the Persian Government to feel that it had a right to make these demands. Although a neutral country, Persia had been invaded and ravaged during the war. It had received no reparations. Neither had it floated a reconstruction loan. The country was on the verge of bankruptcy and could not afford to complicate its financial difficulties by permitting such an economic disturbance as would be caused by the suppression of the opium industry, unless, prior to taking the initial steps, a practicable program of substitution was before it, together with the requisite capital and technical assistance.

The Persian Government reminded the League that the question was one which affected a fifth of Persia's exports, a twelfth of its revenues and the means of livelihood of a very great number of its citizens. It maintained that since Persia was an impoverished country and among those least able to bear losses of revenue, it was only fair to expect that the vastly richer nations "for whose sake Persia (was) being asked to undertake financial sacrifice and run the risk of political disturbance," should defray the cost.

In accordance with its instructions, the Persian delegation intimated that its government could not be expected to ratify the Second Opium Convention unless the three main proposals it had put forward were accepted as they stood in the Persian memorandum. Sub-Committee B, before which the proposals were laid, felt, however, that it was impossible for it to examine the material and practical side of the Persian requests in the absence of information collected by experts on the spot. Mrs. Hamilton Wright, of the American delegation, holding that it was necessary to get the co-operation of producing countries, suggested that a small committee composed of agriculturists, bankers, etc., should be sent to Persia and other producing countries to enquire into their needs and see what steps could be taken. The Conference adopted this suggestion in modified form. With the assent of the Persian Government it decided on December 17 to recommend that a small committee of qualified experts be despatched to Persia to enquire into actual conditions in that country, with a view to determining the suitability of the Persian proposals. (For a further account of this Commission of Enquiry see below, page 28.)

It was during the sessions of the Second Opium Conference, before the decision had been made to adopt the foregoing resolution, that

(14) A series of treaties with foreign powers beginning with the Treaty of Turkmanchai in 1828 established tariff rates which could not be altered except by special agreement between Persia and the government of the country concerned. Tariff rates varied widely. Dr. A. C. Millsbaugh in *The American Task in Persia* summarized the situation in saying that commodities which were of interest to Russia bore an average tax of 4.75 per cent while commodities of interest to Great Britain paid an average of 26.77 per cent.

Prince Arfa-ed-Dowleh entered a plea for greater attention on the part of the League to the position and needs of all opium-producing countries. Turkey, Afghanistan, Egypt, Turkestan, Bokhara, Khiva, and Turkman, which had not yet joined the League of Nations, were not represented on the Opium Committees. But they were all opium producing countries. Persia, which did have a representative at Geneva, had not been consulted. No one had asked the Persian delegate what was the position of his country, or how the League could help Persia in its difficulties. The only question asked hitherto was why Persia did not destroy its poppy plantations once and for all. No one seemed to realize that Persia could not decree the starvation of thousands of men, women and children employed in the cultivation of opium, which for centuries had been their sole means of livelihood.

PERSIAN EXPORT POLICY SINCE THE GENEVA CONFERENCE

When the Advisory Committee met again in August, 1925, to take stock of the situation created by the recent Opium Conference and to prepare for the Assembly meeting of the following months, certain of its members objected more insistently than ever before to the difficulties Persia's opium policy was creating for the rest of the world.

Longer statements than ever were transmitted to the Council on the subject of Persian opium. It was pointed out that export of opium from the Persian Gulf to the Far East was (next to the production of opium in China) the most important factor in the illicit traffic in opium carried on in the Far East. Reports in the possession of the Advisory Committee showed that large quantities were declared for destinations which they never reached. The Committee considered that measures for the effective control of the export traffic were of the first importance. Complete control could only be secured by the adoption and enforcement on the part of the Persian Government of the system of export licenses and import certificates, and it recommended to the Council and to the Assembly that urgent representations should be addressed to the Persian Government requesting it to put this system into force without delay.

But merely to bring pressure to bear upon Persia by means of a communication from the League repeating what it had frequently said before appeared to be a futile procedure. Accordingly the Advisory Committee varied its method by adopting two additional recommendations. The first suggested that Powers whose flag was carried by ships trading in the Persian Gulf should adopt measures to control the conveyance of opium from the Persian Gulf on such ships, and to prevent its diversion into the illicit traffic. The second suggested that Powers at whose ports vessels conveying opium from the Persian Gulf called should put in force at once measures described

in Chapter V of the Second Opium Convention for controlling trans-shipment of consignments of opium and dangerous drugs.

All three resolutions were forwarded in October, 1925, to the Persian Government and to a number of other powers. But when the Advisory Committee convened for its eighth session (May-June, 1926) the situation had not altered appreciably, except in one respect. On January 1, 1925, British regulations had gone into force to prevent British vessels from being employed in the conveyance of opium exported from the Persian Gulf to the Far East for illicit purposes. These regulations appeared to be having the effect desired so far as British ships were concerned, but ships of other nationalities were profiting by the opportunity to divide the former British trade among themselves.

Once more the Advisory Committee appealed to the powers for assistance. It stated that the bulk of the opium exported from the Persian Gulf continued to be sent to the Far East under false declaration of destination¹⁵ and undoubtedly found its way into the illicit traffic. It asked the Council to make urgent representations to the Governments of those countries whose ships were still engaged in the Persian Gulf traffic to take the measures necessary for control of the traffic. The Committee further recommended that the Governments of powers having extra-territorial rights in Persia be asked to institute control over their nationals in Persia on the lines of the regulations already made by Great Britain. (The latter had provided by orders-in-council issued in 1901 and 1907 that no British subject might engage in the Persian opium trade unless he possessed a general or special license granted by the British Consul-General.)

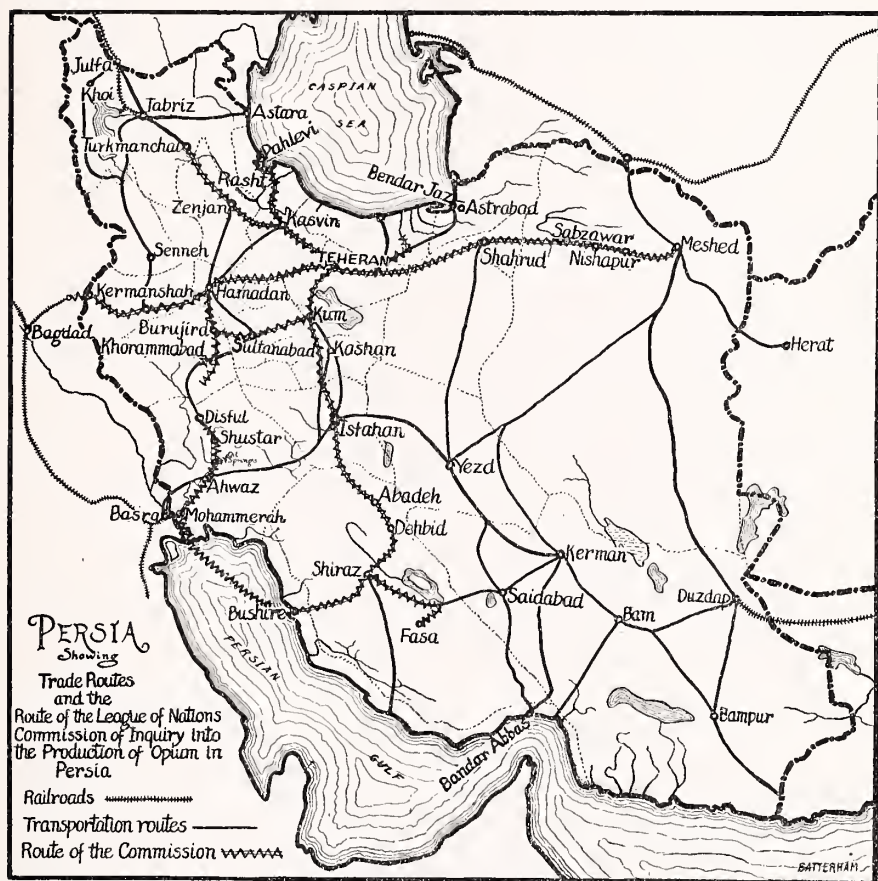
Seven months later when the Advisory Committee convened for its ninth session, (January-February, 1927) it had the satisfaction of learning that the Japanese Government had succeeded in practically putting a stop to the use of Japanese ships in the Persian Gulf trade. Thus its plans had advanced a second step.

It was only a month later that an event occurred which made it seem not impossible that another step of a different sort might soon be made toward the settlement of the Persian opium question. This event was the presentation to the Council of the completed report of the League Commission of Enquiry into the Production of Opium in Persia.

It was the Fifth Assembly which, acting on a suggestion from the Second Opium Conference and a strong recommendation from the Fifth Committee, had provided in a resolution of September 26, 1925, for the despatch of such a Commission to Persia to study the existing situation with regard to the cultivation of the poppy and the replace-

(15) For statistics see page 22.

ment of a portion of this crop by other crops. The Commission, consisting of Mr. Frederic A. Delano (U.S.A.) as President and Dr. Fridiano Cavara (Italy) and M. Victor Cayla (France) as members, accompanied by an American agricultural expert, a general secretary, private secretary and stenographer, left Geneva for Persia on March 11, 1926. The Commission returned to Marseilles on June 16, after having spent seventy-five days in Persia. In this period it visited sections of the country as widely separated as Meshed and Muhammarch, Turkmanchai and Shiraz. (For itinerary of the Commission see map below.)



SKETCH MAP OF PERSIA
 (Showing itinerary of League Commission of Enquiry)

The report to the League Council prepared by the Delano Commission was based on a study of relevant documents, supplemented by personal interviews and first-hand observation. It discussed the bearing of Persia's geographical, agricultural, and economic situation upon the question of crop substitution, as well as problems of trans-

portation, commerce, industry, land tenure and taxation. On the strength of these studies the Commission expressed a conviction that Persia ought to find it feasible to adopt a program for gradual curtailment of opium production. It took the view that although such curtailment would be attended by manifold difficulties, the resulting economic benefit would outweigh initial disadvantages.

This conclusion was not advanced without a considerable body of supporting evidence, the most convenient summary of which is to be found in the personal review of the salient features of the report prepared by the Chairman, Mr. Delano.¹⁶ No clearer conception of the original findings of the Commission may be gathered from a brief résumé than by reading this outline, reproduced in Annex II, page 40 of the present study. Similarly, the general conclusions and recommendations of the Commission may be most readily reviewed in the Commission's own outline (see Annex III, page 44), which should be read in connection with the foregoing.

On comparing the proposals of the Commission of Enquiry with the demands presented by the Persian delegation at the Second Opium Conference in November, 1924, it is interesting to note that while the League Commission maintained that Persia should be permitted a free hand in readjusting its customs tariffs it said nothing whatever about a moratorium nor did it advocate a foreign loan. In place of these two demands formerly put forward by the Persian Government, the League Commission of Enquiry now stressed the importance of general revenue-producing policies. It suggested that before it undertook an active reduction program, Persia should be given three years to improve its internal economic condition, by beginning road construction, adjusting import tariffs and improving agricultural methods. After the three-year period of preparation, the Persian Government would be in a position to begin annual ten per cent reductions of its opium production. But even before it reached this stage, measures ought to be taken to make control of present opium production and distribution more effective.

The Commission made a few definite suggestions as to how this control might be improved without waiting for the three-year preparatory period to elapse. Its suggestions are embodied in the following extract from the text of the Commission's report:^{16a}

"1. It is at present the practice to collect very high taxes and fees on the stick opium intended for home consumption, while imposing smaller charges on export opium. This difference, which varies according to the distance of the place of manufacture from the port of export, makes these charges frequently 16 times higher in the case of opium prepared for home consumption.

(16) Transmitted to the Secretary-General of the League in a letter dated April 23, 1927. (Council Document A. 16. 1927. XI.)

(16a) League of Nations. *Report of the Commission of Enquiry into the Production of Opium in Persia*, p. 41.

"The Commission believes this difference to be unjustifiable. The tax on opium for home consumption is so high as to lend itself to all kinds of evasion, while the export tax might well be higher and so yield more revenue.

"2. There is no form of license or registration for the ground allocated to opium cultivation, and no tax collected on ground allocation except the regular land tax. This should be remedied.

"3. While in some districts opium is duly delivered to the Government warehouse and manufactured there into stick or cake opium, the Commission observed that in certain cities the Government had found it expedient to leave the manufacture of opium for export entirely in private hands, although under the more or less strict supervision of its officials. Where the manufacture is left to private persons, it is rare for the opium to be identified by marks showing place of origin, etc.

"The identity of all opium should certainly be clearly marked or stamped upon each piece.

"4. Merchants, pedlars, etc., are understood to be licensed and to pay a license fee. The fee is a low one and hardly commensurate with the volume and character of the business transacted, while the merchants (whether great or small) are not required to file any surety bond in a substantial sum for the observance of the law or the payment of Government fees or taxes, although it should be added that the Commission was informed that merchants intending to export opium were obliged to make a declaration to that effect and to give a bond for the difference between the excise tax and the export duty on the amount of opium declared for export. A large opium merchant told the Commission that a case of opium worth 750 to 800 tomans at Bushire with taxes paid would fetch 2,100 tomans at Shanghai, thus indicating that Persia was selling her opium too cheaply or failing to tax it at its true value.

"In its memorandum to the Second Opium Conference (Document O. D. C. 24) the Persian Government estimates that, whereas 1,340,000 lbs. of opium were registered with the Government as the annual production for the year 1923-24, the actual production for that year was as much as 1,950,000 lbs. In other words, the Government assumes that 610,000 lbs. or 33 per cent, evaded taxation by escaping Government supervision."

The Persian Government was not prepared to accept the Commission's general proposals in their entirety. In agreement with the intention of the League of Nations and the above recommendations of the Commission, it did promise to study the increase of export customs duties on such opium as was exported without certificate, and likewise to study changing the existing taxes on opium to other taxes which would facilitate a decrease in cultivation of and commerce in opium. But in the matter of the Commission's main recommendations, it had certain important reservations to propose. It expressed willingness to enter upon a plan for the reduction of opium production after a three year preparatory period, but stipulated that annual ten per cent reductions should take the form of a three year experiment only, at the end of which the Persian Government would reconsider

its own economic position and observe the degree to which other producing countries had curtailed their production of the raw material and of the manufactured product. It would also take into account reductions which had occurred during the three year period in world manufacture and distribution of habit-forming drugs. But because the Commission had not stated the time which, in its estimation, the substitution program would require, nor what the cost of substitution would be, the Persian Government maintained that it could not ask the Mejliss to endorse an unqualified program of reduction.

The Persian Government promised to ask the Mejliss to grant five year exemptions from land taxes in the case of areas diverted from opium cultivation to that of substitute crops, and preference in agricultural loans to cultivators who were giving up opium production.

The Persian Government's attitude in relation to the adoption of import and export certificates was expressed in the following terms: It would submit to the Mejliss, with recommendation for its enactment into law, a program it had prepared for "acceptance of the opium import certificate system with an annual reduction, beginning not later than the third year after the present, of 10 per cent of the quantity annually permitted to leave the country without production of opium import certificates." This was subject to the reservation that, as in the case of the ten per cent reduction plan, the Persian Government would later reconsider its position in relation to the world situation.¹⁷

Already a project of law had been prepared (see Eighteenth Quarterly Report of the Administrator General of the Finances of Persia) providing for the establishment of a Government monopoly of opium, tobacco and matches, together with the establishment of income taxes, in a comprehensive plan for modifying an age-old land tax, recognized to be placing a burden on agriculture out of all proportion to the actual revenue returns. In this connection the Administrator General of the Finances of Persia wrote: "If it is necessary to obtain an increase of revenue to offset the loss of revenue from the reduction or assignment of land taxes, it seems evident that the new taxes should be imposed on imports of luxuries and on such commodities as tobacco and opium. Tobacco is a luxury commodity with a steady demand. The same considerations apply to opium, with the additional consideration in the case of opium that there are international obligations to be fulfilled, necessitating a larger measure of governmental control."

(17) For a highly condensed summary of the Commission's proposals and the Persian Government's counter-proposals, see *Report of the Fifth Committee to the Assembly, September, 1927*. (Council Document A. 66. 1927, XI.) For the text of the Persian Government's proposals, see Annex IV, p. 51-52. For comments of the Advisory Committee on what it considered an inadequate declaration by the Persian Government, see p. 36.

The Administrator General of the Finances of Persia had proceeded to place the situation before the Persian people in the following words:

"In order that the assurances given by the Persian Government to the League of Nations should be carried out before the meeting of the Assembly in September, these assurances, together with a program of opium control and reduction, have been embodied in the general fiscal project. These provisions are believed to be in the interest of the international position of Persia and also in the interest of the Persian people themselves. In view of the restrictions that are being placed by the shipping nations on the transport of opium, it is evident that contraband trade in opium will in the near future be stopped. By adopting the import certificate system, Persian opium merchants should be able to obtain a reasonable share of the legitimate trade in opium. It is believed, further, that the initial reduction in production can be carried out without serious hardship, and that in the end the Persian landowners and peasants now engaged in the cultivation of opium will benefit through the substitution for opium of an exportable crop for which there may be a safe, established and increasing market. It is also necessary that the Persian Government should, like other governments, take steps to reduce the internal consumption of opium. This can be done through the establishment of the requisite means of control by the Government."

The points on which the Persian Government differed from the views expressed by the Commission were numerous. In this case also an excellent summary exists to which the reader is referred. (See Annex IV, page 49.) From a perusal of this résumé it becomes apparent that Persia had reduced from three to two the number of conditions it now demanded as a prerequisite for any alteration of its traditional opium export policy. It continued, as in 1924, to demand tariff autonomy, but it had given up its former demands for a loan and moratorium. It intimated now, however, that it would not attempt to carry on indefinitely its prospective experiment in crop reduction unless other producing and manufacturing nations also reduced their output. Contrary to the beliefs of the Commission, it held that Persian opium was not of a quality eminently suitable for use in drug manufacture. Hence it maintained that a reduction in the quantity of opium produced in Persia would cause no appreciable reduction in the quantity of raw material available for manufacture. It asserted that in order to reduce drug manufacture, at present immeasurably greater than the world's medicinal and scientific requirements, there would have to take place a simultaneous and drastic reduction in the output of every opium producing country as well as in the output of countries in which the coca-leaf was produced.

Four League bodies discussed the report of the Commission of Enquiry during the course of the year 1927—first the Council, to which it was originally submitted, then the Fifth Committee of the

Assembly, whose duty it was to recommend to the Assembly a suitable course of action in relation to the report, then the Assembly itself, which had the right to accept, amend or reject the recommendations of the Fifth Committee, and finally the Advisory Committee on Traffic in Opium, which had certain comments to make to the Council in relation to the subject-matter of the report and the Persian Government's reply and concerning questions of future policy raised by both documents.

The Council in the month of March did not find itself in a position to take definitive action upon the Commission's report. It heard the oral statement of Colonel D. W. MacCormack in support of the views put forward by the Persian Government. But since circumstances had prevented the Council from circulating the report of the Commission and the Persian observations thereon to its members before the date of meeting, it decided to place the question of opium production in Persia upon the agenda of the next meeting of the Assembly in September, it being suggested that members of the Council reserve all comments on the subject until that time.

The Fifth Committee of the Assembly, when it met in September, also had opportunities to listen to oral statements from Colonel MacCormack who, with Hussein Khan Ala, spoke on behalf of the Persian Government after Mr. Frederic Delano, Chairman of the Commission of Enquiry, had addressed the members of the Fifth Committee on behalf of the Commission.

In its report to the Assembly, the Fifth Committee described the positions assumed by the Commission of Enquiry and the Persian Government respectively. It then stated that the experiment which had been made in sending the Commission of Enquiry to Persia was of so great value that the League ought not to lose sight of the further development of the policy thus inaugurated. It suggested that the Persian Government keep the League informed of further developments in the program it had laid down for its own guidance, and expressed the firm conviction that other governments concerned with the production of the raw material and with the manufacture of narcotic drugs would take similar or equivalent action. It appealed to all governments who had so far failed to do so to ratify the Geneva Arrangement and Convention, and to keep the League informed of all enforcement measures they were adopting.

Finally, the Fifth Committee of the Assembly embodied in a resolution the course of action which it suggested that the Assembly should adopt. The text of the resolution follows, the words here italicized representing an amendment incorporated in it on the suggestion of Colonel D. W. MacCormack:

"The Assembly takes note of the report of the Commission of Enquiry into the production of opium in Persia, of the observations of the Persian

Government on that report, and of the letter from the Chairman of the Commission of Enquiry to the Secretary-General dated April 23rd, 1927.

"It expresses its sincere thanks to the members of the Commission for their valuable work and its high appreciation of the good will shown by the Persian Government in co-operation with the League in its attempts to reach a solution of the difficult and complicated problem of narcotic control.

"The Persian Government having declared that the success of its programme will, in large measure, be dependent on its obtaining liberty of action in tariff affairs and on the removal of the restrictive tariffs on Persian products which must be substituted for opium, the Assembly expresses the hope that the Governments concerned will give their earnest and favourable attention to those conditions and that the Persian Government will keep the League of Nations informed of the progress made in carrying out the scheme proposed for the gradual diminution of the cultivation of the opium poppy in Persia.

"It earnestly recommends to all countries concerned with the production and manufacture of dangerous drugs and their raw material the enactment of legislation similar to that now proposed by the Government of Persia, or such equivalent action as will ensure the necessary reduction of raw material and the manufacture of drugs."

This resolution, in practically identical form, was adopted by the Assembly.

The only body which had not yet had the report of the Commission officially before it was the Advisory Committee on Traffic in Opium. This body in its turn considered the document in conjunction with the observations of the Persian Government, at its tenth session, (September 28 - October 8, 1927).

Sir Malcolm Delevigne (Chairman) utilized this opportunity to challenge the view expressed in the latter document that Persian opium was not of a quality to be useful in the manufacture of drugs and that its production had no effect on the drug traffic.⁸ He maintained that Persian opium had been used for the manufacture of drugs in the pre-war period and would undoubtedly be so used again if it were again available on terms similar to those current before the war.

Sir Malcolm Delevigne then referred to a statement of great importance made by Colonel MacCormack in his speech to the Fifth Committee. Colonel MacCormack, he said, had pointed out that the decision of the Indian Government to reduce the export of opium had had the effect of transferring to the Persian market the demand for raw opium from countries and overseas possessions where smoking

(8) The various pronouncements made on this subject before the League may be referred to in the following documents: Report of the League Commission of Enquiry into the Production of Opium in Persia, p. 39. Observations of the Persian Government on the foregoing, pp. 1, 8-10, 23-24. Letter from the Chairman of the Commission of Enquiry to the Secretary-General of the League, p. 4. Report of the Fifth Committee to the Assembly, September 16, 1927, p. 2. Statement of Colonel D. W. MacCormack to Fifth Committee on September 13, 1927, (Third meeting). Advisory Committee on Traffic in Opium. Minutes of the Fourth Session (1923) p. 30. Minutes of the Tenth Session (1927) p. 30.

of opium was still permitted. Colonel MacCormack had said, furthermore, that opium traders had informed him that their exports were for the most part covered by the opium import certificates. This was a gratifying situation, but, as Colonel MacCormack had pointed out, there was a corresponding danger to be noted. This danger lay in the possible augmentation of the opposition of the Persian opium traders to the Government curtailment programme, in view of the lucrative new business opening up before them. From this it would appear that Persian cultivators and traders would try to keep their hold on the old markets for which import certificates were not forthcoming while at the same time attaining the new.⁹

An expression of disappointment followed, because of the fact that the Persian Government had not seen its way clear to acquiesce in the whole programme suggested by the Commission of Enquiry. Devoted ever since its own establishment to the task of securing Persia's adherence to the full measure of drug control suggested for international observance, and faced after six years with a material increase rather than reduction in Persian exports, it expressed its regret in the following words, addressed to the Council of the League:

" . . . Persia has not yet ratified the Hague Convention of 1917; and her signature of that Convention was accompanied by the important reservation that she would not agree to undertake measures to prevent the export of raw opium to countries which shall have prohibited its entry. The Committee feels that, with this vital reservation upon a fundamental point still in force, it would be optimistic to expect that much progress can be made in combating the illicit trade. It would also point out that the Persian Government proposes to accept the import and export certificate system three years hence; from the date of such acceptance it will reduce by ten per cent each year (subject to certain conditions and reservations) 'the quantity annually permitted to leave the country without production of opium import certificates.' The decision by India to reduce her exports of opium has deflected to Persia a large demand of a legitimate character; this must, unless the total amount of opium produced by Persia be increased, lead to a diminution of the quantity of opium which has in the past found its way from that country into illicit channels. Broadly speaking, opium which leaves Persia uncovered by import certificates gets into the illicit traffic; the undertaking is therefore a conditional promise that, three years hence, the Government of Persia will begin to reduce by ten per cent a year a traffic which now finds its way, almost exclusively, into illicit channels. The Committee cannot but regret that the Persian Government should have felt unable to advance further than this. It recognizes, however, that the action

(9) It should be kept in mind that this was a conclusion arrived at by Sir Malcolm Delevigne, but not expressed by Colonel MacCormack, whose statement to the Fifth Committee in September, 1927, will be available when the Minutes have been published.

which that Government agrees to take constitutes a considerable step in advance, and the present situation is so menacing that it welcomes any amelioration of it. It will watch the progress which may be achieved in this matter with the most lively and sympathetic interest."

CONCLUSION

IN looking back over the Persian opium situation as it has existed during the past twenty years, there appear a few salient features which might perhaps be most readily summed up as follows:

Persia is one of the states which has associated itself with international efforts to control opium production and the traffic in drugs ever since the time when those efforts first took organized form in 1909. One outstanding limitation has hitherto characterized its participation in these international efforts—its association with other nations in conferences at Shanghai, The Hague and Geneva has not led hitherto to the ratification by the Persian Mejliss of either of the international opium conventions.

To Persia the chief stumbling-block in the way of ratifying the Hague Convention has been the clause designed to establish control by national governments over the destination of opium exports. Never having assumed such responsibility in the past, Persia hesitated to do so now, lest one of the most profitable sources of gain to its citizens and revenue to the government coffers should be stopped.

By the year 1926 fifty-seven other nations, by ratifying the Hague Convention, had taken the step Persia had refused to take. Thirty-six of these states had accepted the import and export certificate system. Thirty-three had announced that the system had already been put into force, not only in their own countries but also in ten of their colonies, possessions and mandated territories.

Of certain of these states it could not be said that they were enforcing the regulations with any degree of thoroughness, and laxity on the part of some was proving a source of irritation to those who were endeavoring in their own case to make the regulations effective. Of the states which were dilatory in enforcement the most that could be said was that they had accepted the import and export system in principle at least, and without attempts to secure indemnity for loss of trade which that acceptance might cause.

With Persia the case was different. It had repeatedly refused to endorse the principle of export and import certificates unless certain specific demands were fulfilled. These demands varied in detail from year to year, but retained the essential characteristic of requiring first of all that Persia's economic position should not be injured by any change which the Persian Government was called upon to adopt.

The League of Nations responded to Persia's first demands by despatching a Commission of Enquiry to investigate on the spot the actual economic requirements of the country. When the report of that Commission was completed the Persian Government responded by presenting fresh demands as a condition for its adoption of the import and export certificate system.

These demands have already been recorded. It is significant that in announcing its conditional and temporary adoption of import and export certificates, the Persian Government allows itself such latitude in the interpretation of the conditions it has itself laid down as a pre-requisite for acceptance of the system *in toto*, that it becomes impossible for anyone to predict on the basis of the Persian Government's report whether or not the Persian Council of Ministers will go so far as to recommend to the Mejliss six years from now a measure finally adopting the system. Lastly, as the Persian Government has pointed out, there can be no assurance that the Mejliss would ratify any such measure that might in future be proposed to it. This fact is one of the important features of the Persian proposals.

Meanwhile it has been hinted by the former Director General of the Persian Internal Revenue Administration that a substantial change is occurring in Persian exports of opium. This is due in large part to the fact that Persian merchants have taken advantage of the withdrawal of India from the world's opium markets to substitute Persian for Indian opium in the trade covered by import and export certificates. At the same time, there is no indication that Persian merchants have relinquished the trade they formerly plied in shipments of opium not sanctioned by the terms of the Hague Convention.

This apparent increase in Persian opium exports at a time when international efforts are being directed toward their drastic diminution is one of the circumstances which has caused the Chairman of the Advisory Committee to regard the undertakings of the Persian Government with a restrained optimism. This, too, is one of the circumstances which has caused restraint rather than optimism to characterize the tenth official report of the Advisory Committee to the League Council in October, 1927.

Thus as the year 1928 advances, it appears not unlikely to Geneva observers that substantial obstacles may still continue to block the path to Persia's complete acceptance of the import and export certificate system. If such proves to be the case, it may well happen that Geneva will look back upon the year 1927 as an incident, but scarcely as a turning-point, in the progress of Persia toward complete cooperation in international control of the traffic in opium.

ANNEX I

PERSIAN POLICY OF OPIUM RESTRICTION

*Extract from Memorandum on Persian Opium submitted by Persian Delegation to Second Opium Conference at Geneva, November, 1924.**

GENERAL POLICY

The Persian Government is in full accord and sympathy with the efforts of the League of Nations to eradicate the illicit trade in dangerous drugs, which offers so great a menace to the health and welfare of the peoples of the world. It accepts the American principles for the interpretation of the Opium Convention and will withdraw its reservation to Article 3 of the Treaty of 1912 and accept the system of opium import certificates as soon as it is economically possible to do so.

UNCONDITIONAL ASSURANCES

1. The regulations relative to the centralisation of the opium sap and its manipulation under the Government's supervision will be strictly enforced and constantly rendered more effective.

2. Steps will be taken to register smokers, to cure present and to prevent new addicts, to control opium dens, and otherwise to bring under control and to reduce the present consumption of opium and its derivatives in the Empire.

3. Control, as far as funds permit, will be exercised at the frontiers to prevent opium being smuggled into or out of the country.

4. The policy as to opium cultivation will be as follows:

(a) Opium cultivation will hereafter be permitted only upon permit;

(b) No cultivation will be permitted on a greater area than stated in the permit;

(c) No permit to be issued to cultivators for land not cultivated in 1924, or for a greater area in the case of any individual than cultivated in 1924;

(d) No permits to be issued except to cultivators who agree to deliver entire crop to Government warehouses;

(e) Efforts to be made to immediately reduce the cultivation in provinces least dependent on opium for their cash crops;

(f) Cultivation to be confined as far as practicable to provinces where the best grades are grown and where the product can be most easily controlled;

(g) The tax on the local consumption of opium to be progressively increased as provided in the law.

5. The importation of opium for re-export to countries to which it cannot be shipped from country of origin, will be prohibited.

6. Beginning with the present year, a careful record will be kept of

*See League of Nations. Records of the Second Opium Conference, Geneva, Nov. 17, 1924-Feb. 19, 1926, Vol. II, p. 201-2.

opium cultivation in all provinces. This, taken in connection with records and estimates of local consumption and customs records of exports, will afford a fair basis for estimate of that smuggled out of the country and enable the necessary preventive measures being taken.

7. As far as funds permit, the Government will continue its present encouragement to the cultivation of cotton and tobacco and to the planting of mulberry trees. As these and similar measures produce results, the cultivation of opium will be proportionally reduced, but it must be understood that, with the limited funds available, this will be a slow process.

CONDITIONAL ASSURANCES

The following measures will be placed in effect as soon as the necessary funds and technical assistants are obtained to afford another outlet for the capital and labour employed in the opium trade, and to provide new revenue sources for the Government to compensate for the loss of opium revenues:

1. An annual reduction in the permits issued to the amount of one-tenth of the total area authorised for cultivation in the year in which the above conditions are met. This annual reduction to continue, until production has been reduced to actual requirements for medicinal and scientific purposes.

2. Within three years after the above conditions are met, the cultivation of opium will be prohibited in the provinces least dependent upon it in so far as the then existing conditions permit.

3. After the cultivation has been reduced as above provided to the amount required for medicinal and scientific purposes the Persian Government can successfully enforce the provisions of Article 3 of the Opium Convention of 1912 and its reservation thereto will then be withdrawn and the system of opium import certificates placed in effect.

ANNEX II

CHAIRMAN'S PERSONAL SUMMARY OF FINDINGS OF LEAGUE COMMISSION OF ENQUIRY

*Extract from a letter to the Secretary-General of the League signed by
Frederic A. Delano.*

THE FINDINGS

1. Persia was once the centre of the then-known civilised world, and the chief trade routes to the Far East lay across it. To-day it is off the main trade routes and, at least relatively speaking, is far more inaccessible than formerly.

2. North and North-West Persia have, under normal conditions, easy and close trade relations with Russia, Iraq (Mesopotamia), and with Turkey; while North-East Persia has close trade relations with Russian Transcaucasia, Russian Turkestan and Afghanistan; and South Persia close trade relations with Great Britain, with Iraq and with India.

3. Owing to the lack of good means of communications either by land or sea, internal commerce is greatly restricted, and foreign commerce exists, broadly speaking, only with cities near the frontier. (The report shows that the transport charges on goods moved chiefly by caravan, reduced to our nomenclature, amount to from 18 to 35 cents per ton mile.)

4. While it is probably true that Persia's undeveloped and undiscovered resources are large, the Persian people as a whole are poor—very poor; and this is due to economic conditions which have in the last hundred years been driving her to the wall. During a considerable part of this time, Persia's trade balance has been against her, and the deficit has been in part represented by debt, but more often in the depletion of her capital, in her case of those savings of the past in the form of rare art treasures, beautiful fabrics, tiles, miniatures, and the like, which, to a constantly increasing extent, have gone out of Persia and have found their way into the collections of Europe and America.

5. By reason of famine, disease, civil wars, the causes of which may be traced largely to bad economic conditions, the population of the country has greatly diminished in the last fifty or sixty years, and is today, let us say, not in excess of one-third or one-fourth of what the country under more ideal economic conditions might support.

6. Persia, being a country of very scanty rainfall (estimated at from two to twelve inches per year), except in the north-western region and the Caspian Littoral:

(a) The cities and towns are located at the foothills where water from the melting snow is available;

(b) Broadly speaking, one-third of the country is a desert, another one-third is mountainous and chiefly suitable for grazing;

(c) The cities are far apart, and as the means of communication are poor, each city is a small empire by itself, only feebly connected with the capital;

(d) Agriculture is chiefly dependent on irrigation, which demands intelligent and industrious labor, but that does not permit Persia to compete in the production of raw materials with those countries having an abundant rainfall. In addition, Persia is at a disadvantage of distance and high transport costs in reaching world markets.

7. The Caspian Littoral and the Karun Valley, lying adjacent to the Mesopotamian Plain, are to a considerable extent an exception to the above comments.

8. There is a lack of security in Persia which accounts to a considerable extent for what is frequently termed by foreigners a lack of initiative or public spirit. For example, the Commission found no disposition to store grains (e. g. in ground silos) in abundant years to carry over to lean years. The reason given was lack of confidence in the security, the high rates of money, the want of adequate protection of private property.

9. Land titles in the same way are indefinite and insecure. There is no such thing as a land survey, or as the registration of titles. Something approaching it exists through the Church authorities.

10. Opium poppy is an ideal crop from several points of view, but chiefly because:

(a) It is an autumn-sown crop which can be irrigated in the late fall and early spring when water is plentiful. It is harvested in the late spring or early summer;

(b) It has a high value per pound and money yield per acre, say, four times that of wheat and barley, which are also fall-sown crops;

(c) Its high value per pound (say, \$6 to \$8) is such that it can bear the terrifically high transport charges prevalent in that country;

(d) Being largely exported, it helps Persia to pay for imports, but it is not by any means certain that Persia would not be better off if she did not buy so largely abroad.

11. A number of industries for which Persia was once famous are dying out and Persia, instead of exporting only manufactured goods having high value (and so able to bear a high transport charge), is attempting to export raw material, such, for example, as wool, cotton (of inferior grade), rice, etc.

12. The industries which are dying out and which might be restored, are the production of:

(a) Silk, wool and cotton fabrics;

(b) Pottery, tiles, earthenware, bricks;

(c) Artistic metal-work;

(d) Woodcarving, inlaying, etc.;

(e) Painting miniatures, decorating, engrossing parchment, etc.;

(f) Sheep, lamb and goat skins, hides, leather goods.

13. In addition to the industries which are dying out and which may again be put upon their feet, certain other industries can be developed, for example:

(a) Those dependent on the development of mineral oil, of which there is very evidently an abundance;

(b) Vegetable oils from oil seed, such as rape seed, peanut oil, castor oil, soya beans, etc.;

(c) Making and distributing dried fruits, preserves, etc.;

(d) Making sugar, especially from sugar cane;

(e) Plaster of paris (gypsum), lime and cement.

14. The Commission noted that the methods of agriculture were very primitive, but remarked that it does not follow therefrom that the farm implements and tools of Western Europe and America can be applied to Persian conditions, which are very different from those of Europe. The Commission fully appreciated the great difficulties in the way of introducing new methods of cultivation and crops.

CONCLUSIONS OF THE COMMISSION

It is apparent from the above facts:

1. That Persia is suffering seriously from wretchedly inadequate means of internal communication; that this puts a very heavy tax upon commerce within the country itself. It is often far cheaper for a city close to the frontier to purchase from foreign countries raw materials or manufactured products which are produced or might be produced in Persia. The need of improved means of communication, chiefly roads for wheeled vehicles, is clearly indicated, though there is also an argument, supported not solely on economic grounds, but also by strong political and military reasons, for building a railroad from the capital to a port on the Persian Gulf.

2. Improved agricultural methods, adapted to intensive agriculture and horticulture, because the country is so dependent on irrigation, were urged by the Commission. Without increasing the acreage under cultivation, or the water consumed in irrigation, a greater product, or a product of greater value per acre, was believed to be possible.

3. A careful study of the water resources, with a view not only of conserving the water supply, but of securing it more efficiently and economically, was suggested. The use of artesian wells, oil pumps, and wind-mills, was suggested as promising.

4. The need of cheap combustibles is great on account of the bearing that it will have on various industries, some of them ancient industries which are dying out; also because a cheap combustible such as fuel oil or coal would stay the destruction of the forests and enable the gradual reforestation of the country, which is now sadly denuded. This has had an important effect in the destruction of soil through erosion, as well as by its indirect effect on climate.

5. A revival of the dying industries, and the protection of Persia against economic pressure of countries already highly industrialised, can only be brought about by a protective tariff. It may or may not be desirable for Persia to adopt the industrial methods of Western Europe and America (and on this point the Commission does not express an opinion), but, whether or not it is desirable, the country needs protection during the period of adjustment, which, even under favourable conditions, would take a considerable number of years to bring about.

6. The production of opium exists largely by reason of the economic conditions aforesaid. The Persian Government has indicated by its own actions, and by its efforts to prevent the consumption of opium at home (it is absolutely forbidden in the Government service or in the army), that it considers the use of opium a serious menace. The Commission came to the conclusion that it was even a more serious menace than was usually appreciated; that it was slowly but surely destroying the manpower of the country; that it was impossible to produce opium for export and not have it also consumed in considerable quantities at home.

ANNEX III

DIMINUTION OF OPIUM CULTIVATION IN PERSIA

Extract from Report of League Commission of Enquiry into the Production of Opium in Persia, December, 1926.

CONCLUSIONS AND RECOMMENDATIONS

From the study of the evidence submitted to it and the personal investigations it has conducted, the Commission, in response to the specific lines of enquiry it was required to make, begs leave to report:

1. That it has diligently and carefully studied the *existing situation with regard to the cultivation of the poppy in Persia*, and that it has endeavoured, in the report now submitted, fully to present and explain that situation.

2. That it has investigated as carefully as possible *the question of the replacement of a portion of this cultivation by other crops*, and in doing so has presented in the report now submitted what it believes may successfully be accomplished, given adequate time: (a) by the substitution of "other crops"; (b) by better methods of cultivation, which will result in greater yields from existing crops; and (c) by the creation of industries which will make the cultivation of new crops possible.

Finally, it has arrived at the conclusion that, while difficult of accomplishment, it is possible and practically feasible, and to the economic interest of Persia, to adopt a programme for the gradual diminution of the cultivation of the opium poppy, and, in this connection, is glad to call attention to the formal letter of the Persian Government addressed to the President of the Commission under date of Teheran, June 1st, 1926, in which it is stated categorically that the Persian Government has the intention of gradually reducing the production of opium to medical needs.¹

Having arrived at the above conclusions, the Commission begs leave to submit in review its various findings in the form of a summary of what has been stated more fully in the body of the report.

In view of the explanations made by the Persian Government, we must consider in order the various suggestions it has made and the obstacles which, in its opinion, exist. These are, first, budgetary; second, export importance and trade balance; and, third, cash yield of crop to the producer.

Budget. In round figures, the national income from taxes and charges against opium amount to 2,000,000 tomans per year, which is estimated at about 20 per cent of the gross value of the crop and approximately 8 per cent of the total revenue to the State, against which must be charged cost of control, cost of alimentation and other less definite items. When all the factors are taken into account, the Commission believes that,

1. "It is our conviction that the production of opium can be curtailed. . . . Nevertheless, the Persian Government will take immediate measures to reduce the production of opium to medicinal requirements and will prosecute these measures as rapidly as circumstances permit. The Government is likewise determined to put a stop to the smoking of opium within the country as rapidly as possible." (Extract from letter from Persian Prime Minister to President of the Commission dated June 1st, 1926.)

viewed from the standpoint of its budget, the Government can safely undertake a reasonable programme of progressive curtailment.

Balance of trade. The trade balance has been considered by the Commission both from the commercial and the economic viewpoint, calling attention particularly to the recent great increase in the export of mineral oil and the method adopted by the State in dealing with this subject. The point is also made that in the last fifty years there has been an almost steady increase in the importation of manufactured articles and a diminution of production of manufactures for home consumption. The effect until recent years has been to create an unfavourable trade balance during a large portion of this period, reflected in national debt and impoverishment. The Commission believes that even if we accept the Government's method of treating the subject of oil exports, a programme of substitution, based on a development of agricultural methods, will enable the country to secure from food crops, from textiles, from sugar, and from correlative industries more than enough to balance losses in exports. As fully explained, this is a matter of time.

Cash crop. The investigations of the Commission indicate that the cash yield per unit from the production of poppy to the cultivator is about four times the yield from the growing of wheat. Against this apparent advantage in the case of poppy there must be considered the various items of direct and indirect cost. The Commission is convinced that with better agricultural methods the production of various crops could be increased sufficiently on the same area of ground fully to equal the loss due from restricting the production of the poppy. Of course, nobody proposes that the suppression of the poppy crop will be effected except on some gradual and perfectly practical plan.

Transport. The great importance of transport and means of communication in the development of Persian agriculture and other industries and in opening up marketing possibilities, not to mention its importance from a military and political standpoint, is fully exposed.

We now come to other but allied considerations: namely, the effect which these proposals may have upon the peasant, the landowner and the merchant.

Peasant. The findings of the Commission indicate that the peasant is deserving of more than ordinary consideration on account of his general character and capacity for development; that the growing of the poppy is closely associated with a work system which is degrading and that in districts where more emphasis is put upon food crops the peasants are in better condition and are decidedly more prosperous.

Landowners. The landowners, especially the larger landowners and those who are themselves opium merchants or associated with opium merchants, fare pretty well in the cultivation of the poppy, and yet it is strongly indicated that the cultivation and sale of the crop is attended with considerable hazard and not as uniformly profitable as generally

supposed. While the immediate effect of limiting the poppy culture might be detrimental to the proprietor, it is the belief of the Commission that more intensive agricultural methods will, because they will benefit the country, benefit the landowners.

Merchants. The opium merchants, and particularly the larger merchants, appear to the Commission to be those whose interests are most strongly opposed to any change of the present cultivation. They may be assumed to be solidly against it.

General economic effects of substitution. The effects of substitution on the general economics of Persia have been fully discussed under the following headings:

(a) *Substitute Crops: Food and Other Crops.*

Persia has need in her own domestic economy for more of these crops than are now produced. The Commission believes that their cultivation should be increased and that economy will result from more intensive cultivation without increased acreage.

(b) *Industries.*

The Commission has pointed out a number of industries closely associated with various products of the land and the soil, the existence and encouragement of which should increase the national wealth. These are: the textile industry (silk, cotton and wool), the carpet industry, sugar (especially cane sugar), the dried and preserved fruits industry, the lime and cement industry and the clay products industry. Several of these industries have suffered in the past for want of a cheap fuel. The great expansion of the oil industry has opened the possibility of fuel oil as a most important item in this development.

Preparation of a programme. The Commission considers that, instead of attempting to reduce the cultivation of the poppy immediately, the Persian Government should make it an essential part of its programme to take definite steps looking to and preparatory for a gradual and systematic reduction, to begin three years from the promulgation of that programme. Among the most difficult of the questions involved are, naturally, those connected with the control of poppy cultivation.

The Commission has envisaged in its report certain suggestions for registration and licensing of acreage devoted to the growing of the poppy.

The registration and licensing of, and the requirement of a surety bond from, all merchants authorised to buy and sell opium are also indicated.

The Commission suggests that the Persian Government should consider the advisability of revising its export and excise taxes on opium with a view to reducing the wide disparity and yet securing a larger total yield.

Lastly, the adoption of identifying marks on all opium produced and sold is also proposed.

Recognising the difficulty due to the widely scattered nature of the cultivation and the difference of conditions that exist, the Commission believes it may also be necessary to allow one year, or perhaps even two,

for carrying out experiments in different sections of the country in order to determine how the programme of retrenchment of acreage shall be made effective. On the face of it, it is evident that substitution can more readily be made in certain regions than in others. Where better facilities of transport exist, or in the neighbourhood of large towns, things can be done which cannot be done in less-favoured regions.

General programme of reduction. At the end of this preparatory period of three years it is proposed to proceed with the following general programme:

(a) Continue the road programme on as big a scale as budgetary expenditure will permit, including in this programme the initial development of a railway system;

(b) Allot to the most promising irrigation project enough to undertake it and complete it in one, two or three years;

(c) Develop the farm demonstration work heretofore undertaken, emphasizing the practical rather than the theoretical side;

(d) Adopt a system of tariffs, which shall encourage those home industries which Persia can undertake most successfully and which, by reducing imports, will help the balance of trade;

(e) Simultaneously with the announcement of these internal undertakings, the Government shall formulate a programme for the gradual reduction of the acreage allocated to the opium poppy. With all the land so devoted properly registered, a systematic reduction can be undertaken, which can be so handled as to make the reduction first in those localities where substitute crops or industries are most possible.

The Commission believes that, beginning with the fourth year, the Persian Government might safely undertake a reduction of 10 per cent per year in the acreage allotted, and each year thereafter a further reduction of 10 per cent of what remains. This method of reduction will operate more rapidly at the start and more gradually thereafter, as follows:

	Beginning of						
	4th	5th	6th	7th	8th	9th	10th
	year	year	year	year	year	year	year
Percentage at beginning....	100	90	81	72.9	65.6	59	53.1
Reduction	10	9	8.1	7.3	6.6	5.9	5.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	90	81	72.9	65.6	59.0	53.1	47.8

As this method of reduction becomes more and more gradual, the acreage at the end of the fifteenth year is reduced to 28.2 per cent and in the twentieth year to 16.7 per cent. Before that time, Persia will have determined her policy of substituting other crops and industries.

The Commission fully appreciates the importance of not curtailing a crop yielding approximately 8 per cent of Persia's tax revenues and 16 per cent in value of her gross exports without suggesting as a proposal measures which will effectively offset the curtailments proposed.

During the first three years—*the years of preparation*—the Commission believes that the revenues from the various opium taxes and from a more effective control of tax collection can be increased not less than 1,000,000 tomans per year.

It is assumed that, as the means of communication are improved and progress is made in encouraging the production of more and better cotton and the introduction of cotton-spinning and weaving machinery, there will be a corresponding reduction in the import of cotton piece-goods. While progress should be made in this direction, it is assumed that only the foundation work can be accomplished in the first three years. This programme of building up the cotton textile industry in Persia must necessarily include the placing of a protective tariff on cotton yarns and piece-goods.

Similar plans, in so far as practical, will be employed in an effort to develop the wool and silk industries.

Special study and consideration must be given also to sugar-beet and sugar-cane, with a view to their development and the fabrication of raw sugar. While it will take all of the three years of preparation to make a substantial progress in carrying out these suggestions, it is believed that by the fourth year the production of home-grown sugar will begin to have an effect in balancing foreign trade, because sugar is now the second most important subject of import.

There are certain other taxes on imports which may be raised to advantage, especially where a tariff for revenue may also aid in the establishment or the re-establishment of a home industry.

It is assumed that, for a period of five years, there will be no diminution in the receipts from the various taxes and license fees on opium and that in the first three years of this period there will be the substantial increase of 1,000,000 tomans per year. A further sum of 1,000,000 tomans per year should be realisable from other sources.

These increases in receipts it is proposed to apply to carrying out the programme suggested by the Commission.

It is not possible to predict accurately receipts and expenses for several years in advance, and the above suggestions are therefore simply illustrative.

Presumably, as the means of communication improve, the necessity for the present relatively high expenditure upon the army and gendarmerie can be safely diminished and the money so saved used for productive expenditure and internal improvements. The same may also be said of the very large expenditure now devoted almost yearly to the Alimentation Service.

The Commission fully realises that the execution of so large an undertaking as here discussed necessarily involves questions of internal administration, which only the Persian Government can determine. For the foregoing reason, and for the further fact that the terms of its mandate clearly indicate that this phase of the subject is beyond its scope, these questions are not discussed.

OBSERVATIONS OF THE PERSIAN GOVERNMENT ON THE REPORT BY THE LEAGUE COMMISSION OF ENQUIRY

*Extracts from a communication to the Secretary-General of the League
of Nations, March 4, 1927**

GENERAL CONSIDERATIONS

NARCOTIC CONTROL

In narcotic control the chief aim, it would seem, is the elimination of the illicit trade in habit-forming drugs. It is therefore necessary to call attention to the insignificant part taken by Persian opium in this traffic. The statistics compiled by the Opium Section of the League of Nations indicate that, if the entire opium production of Persia were suppressed, the effect on drug manufacture would be practically negligible, since the opium used in the manufacture of narcotic drugs is furnished almost entirely by other countries.

PLAN FOR REDUCTION

The plan for reduction proposed by the Commission does not appear to take into consideration the legitimate demands for opium, and no suggestion appears to have been made by the Commission with reference to the relation that the proposed reduction in Persian cultivation should bear to the reduction in other opium-producing countries, all of which have better transportation facilities, better water supply, and better access to markets for their products. If the hoped-for reduction in the manufacture of narcotic drugs and in the production of their raw material is to be attained, it would appear desirable that the reduction considered necessary should be made effective about the same time in all the producing and manufacturing countries.

If, however, there is to be a curtailment in opium production, a start must be made, and the Persian Government proposes to submit a programme of reduction to the Majliss without attending the prior acceptance of a similar programme on the part of other producing or manufacturing countries.

TIME AND COST OF SUBSTITUTION

The Commission has envisaged the problem of substitution in its general rather than its particular aspects. For an eventual solution this is undoubtedly correct, but the opium question is one that is pressing, not only for Persia, but for the whole world. It is obvious that, given time and good will, the production of the raw material of narcotic drugs and their manufacture can be reduced everywhere to medicinal requirements. But with the rapid increase in drug addiction, time does not permit of solutions depending on the general acceptance of a moral conception and upon gradual improvements in economic conditions for their realisation. So-

*Letter of March 4, 1927, from M. G. Kemal Hedayat to the Secretary-General of the League.

lutions which will give prompt results are necessary, and for such solutions not general but specific measures must be proposed. Specific measures require specific supporting data as to time and cost.

It will therefore be obvious that the time required and the cost of substitution are questions of first importance. The Commission has not found it possible to submit definite estimates as to these factors. It is, however, clear that, for each of the important crop substitutes, several years' preparatory work will be necessary to enable seed selection, demonstration and improvement in quality and for the organization of the trade. A period of years will also be required for the provision of the additional water required, and for the road and railroad construction which is necessary.

FINANCE

For the financing of the suggested programme of reduction, the Commission suggests that one million tomans¹ per annum be realised from increased opium revenues and one million tomans from other sources. The increase in opium revenues cannot be looked upon as a certainty. There may be a loss if the acreage tax is put into effect, even if, as proposed, the export duties are increased. The Commission does not indicate the revenue sources from which the second million tomans is to be derived. Even if the Government succeeds in obtaining the desired revenue increases, it must be borne in mind that, in addition to the expenses incident to opium curtailment, there are other important and pressing demands upon the country's budget which cannot be indefinitely postponed.

ACTION PROPOSED BY THE GOVERNMENT

In view of the evident difficulty of estimating precisely in advance either the cost or the time required for the introduction of substitute crops, the provision of the necessary water and transport facilities, and the creation of new industries, it would not be possible at this time for the Government to ask the Parliament to approve an unconditional programme of reduction. The three years' preparatory interval suggested by the Commission seems to be very short in comparison with the magnitude of the task to be undertaken. The Government, however, accepts to include it in the programme to be submitted to the Majliss and hopes that it will prove adequate for the enactment of the requisite legislation and for the initiation of the constructive measures necessary to enable the realisation of the programme of opium substitution recommended by the Commission.

In view of the necessity for a successful outcome to the proposed practical test of production curtailment, we are confident that Persia will not be expected to undertake a programme which would in practice be ineffective or which would unnecessarily discriminate against the economic interests of the country. If the economic condition and likewise the

1. One toman or ten krans may be considered as approximately \$1 U. S. A.

geographic and commercial situation of Persia are taken into consideration, it will be agreed that, in reducing the cultivation of opium, Persia should enjoy a lower rate of curtailment and a larger share of production than other countries for which, from other standpoints, the means of economic progress are more available than for Persia.

Neither is it to be expected that the Persian Government and people will continue to support a programme of reduction unless Persia is accorded substantial equality of opportunity with regard to the world's trade in medicinal opium and unless Persia is enabled to put into effect the reasonable measures which are essential for fiscal and economic readjustments. Among these reasonable measures, the Commission of Enquiry has particularly noted and recommended tariff autonomy. The Persian Government is likewise convinced that the independence and freedom of the Persian Government regarding the establishment of legal Customs tariffs are essential for the protection and encouragement of Persian substitute industries and the promotion of exports. In fact, the attainment of this aim is the *absolutely necessary condition* of success of the Persian Government in pursuance of the policy which the League of Nations is considering for curtailment of the production of and commerce in opium. The Government is confident that there will be a generous appreciation by other Governments of this important aspect of the situation. It will, no doubt, be also taken in view that it is possible for other Governments to lend assistance by reasonable reduction of import duties and other charges and burdens which hamper Persian exports.

PARLIAMENTARY APPROVAL

It will be appreciated that any restriction of opium cultivation or export will require Parliamentary approval and that, under the Persian constitution, no international agreement can be entered into by the Persian Government except after formal ratification by the Majliss.

In view of the foregoing considerations and after a careful study of all aspects of the situation, the Government has prepared the following programme which it will submit to the Majliss, with recommendation for its enactment into law.

PROGRAMME FOR OPIUM LEGISLATION

1. Approval of recommendation of reduction in area under poppy cultivation of 10 per cent per annum after three years on the plan proposed by the Commission of Enquiry.

NOTE:—The annual reduction to continue for three years, after which time the Persian Government will reconsider its position, taking into account the effect the reduction has had on the welfare of the cultivator, the trade balance, the budget, and the general economic condition of the country, and what action has been taken by other producing and manufacturing countries to curtail the production of the raw material and the manufacture and distribution of habit-forming drugs.

2. Acceptance of the opium import certificate system with an annual reduction, beginning not later than the third year after the present, of 10 per cent of the quantity annually permitted to leave the country without production of opium import certificates.

NOTE:—Subject to the reservations indicated in the note to Paragraph I.

3. An exemption from land taxes for a period of five years in the case of areas diverted from the cultivation of the poppy to that of substitute crops.

4. Preference in the granting of agricultural loans to be given by the State Bank of Persia, when established, to cultivators who divert part or all of their land under opium cultivation to that of substitute crops.

5. In agreement with the intention of the League of Nations and the recommendation made by the Commission, the Government promises to study the increase of export Customs duties on such opium as is exported without certificate, and likewise to study changing the existing taxes on opium to other taxes which will facilitate and expedite the decrease of the cultivation of and commerce in opium.

SUMMARY OF THE VIEWS OF THE PERSIAN GOVERNMENT

Having examined the report of the Commission in detail, the Persian Government now desires to summarise its views in connection therewith and to state the measures it proposes to take for a reduction in opium cultivation.

SUBSTITUTION OF OTHER CROPS FOR OPIUM

It is believed that silk, dried fruits, cotton, nuts, pharmaceutical raw materials and flower extracts are all possible crop substitutes and measures will be taken to encourage their production. Measures will also be taken to encourage the production of grains, cereals and vegetables to the extent necessary to meet the local and any possible export demand. It does not, however, seem probable that there will be any great increase in the export of such foodstuffs until road and railroad construction bring about a much lower transport cost than exists at present.

SUBSTITUTES OTHER THAN CROPS

The suggestions for the establishment of the cotton and sugar manufacturing industries and for the development of manufactures in Persia offer from the point of view of the trade balance the greatest possibility of reducing the necessity for opium exports.

PROTECTIVE TARIFF

As stated by the Commission, a protective tariff is essential to the development of manufactures in Persia. This requires that the present restrictions on Persia's tariff autonomy be removed.

TRANSPORT

To provide the roads and railroads which are essential for the introduction of practically all substitute crops and for the general economic welfare of the country, an expenditure in the neighbourhood of 100,000,-

000 tomans will be required. Of this sum, all but 20,000,000 tomans, required for road construction in the next five years, has already been assured by the assignment of specific revenues.

WATER

It is almost impossible to foresee the expenditures required to provide the additional water which will be needed if other crops are substituted for opium as a cash crop for the cultivator and as an item of export. Unquestionably an investment of many millions of tomans will eventually be required for the completion of the programme. A single project has been estimated to cost four million tomans.

RESTRICTIVE LEGISLATION

More than half of the Persian provinces are directly interested in opium cultivation. Deputies from those provinces having the welfare of their constituents in view cannot be expected to approve any restrictive regulation which does not afford reasonable assurance that undue losses and hardships will not be imposed upon the opium-growers and upon those engaged in the many allied industries.

COST OF SUBSTITUTION

In this connection, it is necessary to invite special attention to the request made by the Persian Government to the Commission in its letter of June 1st, 1926, the pertinent paragraphs of which are quoted below:

"If, after having had the benefit of the advice of your Commission, means are found to substitute other crops for opium within the financial capacity of the country, the adoption of such means can be assured. If, however, the projects for crop substitution which you may suggest involve an expenditure for irrigation, transportation, and other measures in excess of the financial capacity of the country, such part of the accepted programme as may be put into effect with the available funds will be undertaken. The carrying out of the remainder of the programme must necessarily await the procurement of additional funds.

"Even a gradual substitution of other crops for opium cultivation will involve expenditure and will necessitate budgetary adjustments. Therefore, your Commission will, we feel confident, agree with us that, before embarking on any programme of crop substitution, there should be a clear conception, not only of the difficulties to be met, but also of the expenditure involved. Your attention is particularly invited to this matter, and, in view of the fact that the Persian Government must be the agency for carrying out your proposals, you are requested, so far as may be possible, to state, in connection with each measure proposed by you, the time required and your estimate of its probable cost."

It will be obvious that the question of the cost of substitution is one of vital importance and that Persia must ascertain the cost and determine its capacity to defray it before agreeing unreservedly to any programme of substitution.

It is therefore to be regretted that the Commission has not found itself in a position to accede to the request of the Government and to state the

probable cost of the measures recommended by it for the curtailment of opium production.

TIME REQUIRED FOR SUBSTITUTION

The Commission has not, as requested by the Government, stated the time which in its estimation would be required for the successful introduction of each of the substitutes proposed. The important crop substitutes are cotton, silk and dried fruits. Cotton will require at least five years before the most suitable varieties can be selected and introduced and the trade properly organised. Silk culture will require at least six years to establish. The necessary improvements in the quality and the preparation of dried or otherwise preserved fruits will take at least five years.

The road construction which is necessary will take approximately five years after the funds required become available.

The first line of railroad will probably take not less than six years to complete and the construction of main lines north to south and east to west will probably require in the neighborhood of fifteen years if built from current revenues.

The Commission has envisaged the problem of substitution in its larger aspects, and has arrived at the conclusion that it is possible to undertake a programme of gradual curtailment. In principle this is accepted as correct. In view, however, of the inability of the Commission to indicate either the cost or the time required for the introduction of substitute crops and for the development of new industries, it would not be possible for the Government to ask the Majliss to endorse an unqualified programme of reduction pending the determination of these vital factors for the success of any plan for the curtailment of opium production.

ANNEX V

OPIUM EXPORTS OF PERSIA

Extract from Appendix to Memorandum on Persian Opium, 1924.

The total exports of opium as indicated by the Persian Customs figures for the period 1292 (1913-14)—1302 (1923-24) are given below:

Year: A. H. Solar	A. D.	Batmans	Pounds	Value: Krans*
1292.....	1913-14.....	118,541	770,516	37,714,494
1293.....	1914-15.....	134,641	875,166	41,446,256
1294.....	1915-16.....	122,922	798,993	41,732,238
1295.....	1916-17.....	118,109	767,708	41,597,275
1296.....	1917-18.....	115,305	749,482	44,783,249
1297.....	1918-19.....	56,201	365,306	28,595,885
1298.....	1919-20.....	49,903	324,396	24,166,116
1299.....	1920-21.....	56,193	365,254	22,178,390
1300.....	1921-22.....	39,338	255,697	15,449,663
1301.....	1922-23.....	101,638	660,647	40,908,128
1302.....	1923-24.....	106,282	690,833	60,219,715

*1 kran is the approximate equivalent of ten cents in American currency.

Distribution

The following table shows the distribution of the opium exports during the last two years:

It-il, 1301 (1922-23)			
Declared Destination	Batmans	Pounds	Value: Krans
England	44,637	290,141	18,099,420
China	25,650	166,725	11,005,000
Russia	22,048	143,312	8,372,440
British India	5,672	36,868	2,092,000
Japan	3,279	21,313	1,180,000
Mesopotamia	176	1,144	88,000
Egypt	171	1,111	70,000
Germany	4	26	1,100
France	1.8	.8	168
Totals	101,637	660,640	40,908,128

Tanguz-il 1302 (1923-24)			
Russia	69,427	451,276	40,994,810
China	21,106	137,189	11,604,700
Japan	5,479	35,614	3,067,600
Arabia	7,102	46,163	2,920,000
England	1,508	9,802	841,920
United States	1,212	7,878	600,000
British India	369	2,398	147,605
Mesopotamia	77	300	42,580
Oman	½	3	500
Totals	106,280	690,823	60,219,715

To the 1302 figures should be added the transshipments, which will probably be credited to Persia in statistics of importing country, if not entered as contraband:

	Batmans	Pounds	Value not stated
China	1,000	6,500	" " "
France	243	1,579	" " "
Hungary	9,196	59,774	" " "
Total	10,439	67,853	
Total exports and transshipments	116,719	758,673	

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